

PAID T.R.A.

Chk # 6684

Amount <u>25.00</u>

Rovd By _____

00-00562

Date <u>6-38-00</u>

June 30, 2000

Mr. David Waddell, Executive Director Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 37243-0505

RE: Petition for Approval of Various

Franchise Agreements

Dear Mr. Waddell:

Enclosed please find the original and 15 copies of United Cities Gas Company's approval of various franchise agreements. I have also enclosed a check for \$25.00 for the initial filing fee. Please date stamp one of the copies and return in the self-addressed, stamped envelope.

Please call if you should have any questions.

Sincerely,

Mark G. Thessin

Much A. Mussin

VP - Rates & Regulatory Affairs

MCG/lc

Cc:

Consumer Advocate Division

Richard Collier

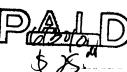
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OFFICE OF THE EXECUTIVE SECRETARY

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Mark p. Mussin

VP - Rates & Regulatory Affairs

MCG/lc

Cc: Consumer Advocate Division

Richard Collier

- c) City of Morristown effective January 4, 2000 for a term of 15 years;
- d) Maury County resolution effective October 18, 1999 for a term of 30 years;

Wherefore, United Cities respectfully requests that the ordinances and resolution be approved by the TRA and found to be fair, necessary, reasonable and proper to serve the public convenience and conserve the public interest.

Respectfully submitted

Much b. Thersin

Mark G. Thessin, Tennessee Bar No. 13662

United Cities Gas Company 810 Crescent Centre Drive, #600

Franklin, TN 37067 Phone: 615-771-8330 Fax: 615-771-8301

E-mail: mark.thessin@unitedcitiesgas.com

BEFORE THE TENNESSEE REGULATORY AUTHORITY ATORY AUTHOR

*00 JUN 30 PM 4 18

In Re:

Petition of United Cities §
Gas Company for Approval of §
Various Franchise §
Agreements §

EXECUTIVE SECRETARY

Oocket No.

Petition of United Cities Gas Company For Approval of Various Franchise Agreements

United Cities Gas Company (United Cities) hereby petitions the Tennessee Regulatory Authority (TRA) pursuant to Tenn. Code Ann. §65-4-107 and requests approval of various franchises that have been passed within United Cities' Tennessee service territory. United Cities shows the following:

- 1. United Cities is engaged in the public utility business of furnishing natural gas to customers in numerous counties in Tennessee.
- United Cities operates with various valid certificates of convenience and necessity issued by the TRA and is subject to the regulation and supervision of the TRA pursuant to Chapter 4, Title 65 of Tenn. Code Ann.
- 3. The following municipalities and one county have passed valid ordinances and resolutions allowing United Cities to construct, maintain and operation a natural gas system in and on the municipalities' and county's public ways:
 - a) City of Kingsport effective April 5, 2000 for a term of 20 years;
 - b) City of Bristol effective November 8, 1999 for term of 30 years;

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was mailed, postage prepaid, this 30th day of June, 2000, addressed to:

Consumer Advocate Division 426 5th Avenue North, 2nd Floor Nashville, TN 37243

Mr. Richard Collier Tennessee Regulatory Authority Legal Division 460 James Robertson Parkway Nashville, TN 37243

Mark G. Thessin

Mark & Thusain

AN ORDINANCE of the City of Bristol Tennessee Amending Ordinance 95-60 (An Ordinance Granting to United Cities Gas Company, Its Successors and Assigns, a Franchise to Construct, Maintain and Operate a System of Gas Mains, Service Pipes and Other Necessary Equipment and Pacilities, for the Purpose of Transmitting and Distributing Gas In, Upon, Across, Along and Under the Highways, Streets, Avenues, Roads, Courts, Alleys, Lanes, Ways, Utility Easements, Parkways and Public Grounds of the City of Bristol Tennessee)

WHEREAS, by Ordinance No. 95-60 the City of Bristol Tennessee granted to United Cities Gas Company, and its successors and assigns, a franchise relating to its transmission and distribution of gas within the city; and,

WHEREAS, by mutual agreement the parties desire to make certain changes to the franchise granted by Ordinance 95-60.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BRISTOL TENNESSEE AS FOLLOWS:

SECTION I: Section II c) of Ordinance 95-60 is hereby amended so as to read in its entirety as follows:

Company - United Cities Gas Company, a division of Atmos Energy Corporation, a Texas and Virginia corporation, the grantee of rights under this franchise and its lawful successors and assigns.

SECTION II: The first paragraph of Section III of Ordinance 95-60 is hereby amended so as to read in its entirety as follows:

There is hereby granted to United Cities Gas Company, for a period of thirty (30) years from and after approval of this ordinance amending Ordinance 95-60, and the filing of acceptance by the Company, the right, authority, privilege, and franchise to construct, maintain and operate a gas system to import, transport, distribute and sell gas, whether natural, manufacture or mixed.

SECTION III: The first paragraph of Section XIII of Ordinance 95-60 is hereby amended so as to read in its entirety as follows:

The Company shall pay the City during the remaining term of this franchise an amount equal to six (6%) percent of its annual gross revenues from the sale of the Company's manufactured, natural or co-mingled gas or other gas sold within the City through the system. The City may increase the fee after adoption of this ordinance every ten years by an amount of up to one (1%) percent. The fee shall not exceed eight (8%) percent during the term of this franchise. Any increase in the franchise fee as allowed under this franchise is subject to the approval of the Tennessee governing regulatory authority. Any increase in the franchise fee not approved by said regulatory authority shall be rescinded, and any moneys paid by United Cities to the City of Bristol, Tennessee from any unapproved increase shall be refunded to United Cities and its affected ratepayers. United Cities reserves the right to print the fee as a separate line item on its gas bills.

SECTION IV: The first paragraph of Section XIV of Ordinance 95-60 is hereby amended so as to read in its entirety as follows:

In the event the Company desires to sell or transfer the entire assets of the gas business which is the subject of this ordinance, then the Company must offer to the City the opportunity to buy those assets located and situated in the City of Bristol upon the same terms being offered to some other party. A statutory merger consolidation, recapitalization, or sale or transfer of the common stock of the Company does not constitute a sale or transfer of assets. The City will have sixty (60) days to accept the offer and an additional sixty (60) days to close said transaction, in the event the City elects to exercise the option to purchase.

SECTION V: Within sixty (60) days after the final passage of this ordinance amending Ordinance 95-60, United Cities Gas Company shall file with the City Recorder of the City of Bristol Tennessee its unconditional acceptance of the terms and conditions of this ordinance amending Ordinance 95-60, signed by its president or other authorized officer, and after the filing of such acceptance, the provisions of this ordinance shall become and constitute a part of the contract between the City of Bristol Tennessee and United Cities Gas Company under Ordinance 95-60 as amended hereby and shall (subject to the rights and powers vested in and orders lawfully issued by the Tennessee regulatory authority or such other governmental agency as may exercise statutory jurisdiction of gas companies furnishing gas service in the State of

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Tennessee) be the measure of the rights, powers, obligations, privileges and liabilities of the City of Bristol Tennessee and of United Cities Gas Company. To the extent such may be required by law, a copy of the written approval of the Tennessee regulatory authority shall be furnished to the City Recorder by United Cities Gas Company and a copy of the same shall be filed with this Ordinance.

SECTION VI: A public hearing on this ordinance will be held by the City Council prior to its consideration on second reading.

SECTION VII: For purposes of its enactment, this ordinance shall take effect seventeen days from and after its final passage, the welfare of the City requiring it.

John S. Gaines, Mayor

Passed on 1st Reading: 06-01-99

Passed on 2nd Reading: 08-05-99

Robert L. Wilson

City Recorder

ACCEPTANCE OF FRANCHISE

City of Bristol, Tennessee

TO: City Recorder Bristol, Tennessee

United Cities Gas Company, a division of Atmos Energy Corporation, hereby respectfully files with you its written acceptance of the franchise adopted by the Mayor and City Council of the City of Bristol, Tennessee, dated August 5, 1999, entitled:

ORDINANCE NO. 99-13

AN ORDINANCE OF THE CITY OF BRISTOL TENNESSEE AMENDING ORDINANCE NO. 95-60 (AN ORDINANCE GRANTING TO UNITED CITIES GAS COMPANY, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS, SERVICE PIPES AND OTHER NECESSARY EQUIPMENT AND FACILITIES, FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS. COURTS, ALLEYS. LANES. WAYS. UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF BRISTOL, TENNESSEE)

and all the rights and privileges, terms and provisions therein contained.

IN WITNESS WHEREOF, United Cities Gas Company, a division of Atmos Energy Corporation, has caused this instrument to be signed by its Vice President on this ______ day of November, 1999.

UNITED CITIES GAS COMPANY, a division of Atmos Energy Corporation

_____, Vice President

OFFICE OF THE CITY ATTORNEY CITY OF KINGSPORT, TENNESSEE

J. MICHAEL BILLINGSLEY, CITY ATTORNEY

225 West Center Street Kingsport, Tennessee 37660 kptlegal@tricon.net

Telephone (423) 229-9464 Telefa x (423) 224-2417

April 7, 2000

Ms. Judith C. Moss Manager, Public Affairs United Cities Gas Company P.O. Box 60 Johnson City, Tennessee 37605-0060

Re:

Franchise Ordinance

Dear Judy:

Enclosed please find a certified copy of the Ordinance establishing United Cities Gas Company's franchise. Please let me know if you need additional copies, or if I may be of further assistance.

Sincerely,

J. Michael Billingsley

Enclosure as noted JMB/cc

ORDINANCE NO. <u>4742</u>

AN ORDINANCE GRANTING TO UNITED CITIES GAS COMPANY, A DIVISION OF **ATMOS ENERGY** CORPORATION, ITS SUCCESSORS AND ASSIGNS A FRANCHISE TO CONSTRUCT. MAINTAIN OPERATE A SYSTEM OF GAS MAINS, SERVICE PIPES **NECESSARY OTHER EOUIPMENT** AND FACILITIES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, COURTS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND PUBLIC GROUNDS OF THE CITY OF KINGSPORT, TENNESSEE: AND TO FIX THE EFFECTIVE DATE OF THIS ORDINANCE.

BE IT ORDAINED BY THE CITY OF KINGSPORT, as follows:

SECTION I: DEFINITIONS.

That for the purposes of this ordinance, the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural number include the singular number and words in the singular number include the plural number. The word "shall" is always mandatory and not merely directory.

- a) Board of Mayor and Aldermen the Board of Mayor and Aldermen of the City of Kingsport, Tennessee.
- b) City the City of Kingsport, Tennessee, and its respective successors and assigns.
- c) City Manager the City Manager of the City of Kingsport, Tennessee as duly appointed pursuant to Charter. The term "City Manager" also includes his designee.
- d) Company United Cities Gas Company, a division of Atmos Energy Corporation, a corporation organized and existing under the laws of the State of Texas, and the Commonwealth of Virginia, and its lawful successors or assigns.
- e) Construction the installation, laying, erection, renewal, repair, replacement, extension or removal of a gas system and any such activity as may be necessary to construct, maintain and operate a gas system.

This is to certify that this is an exact & true copy.

DEPUTY CITY RECORDER 6 April

Ord. 4742

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- f) Gas natural gas and/or commingled gas and/or substitute therefore.
- g) Gas System any pipe, pipeline, tube, main, duct conduit, service, trap, vent, vault, manhole, meter, gauge, regulator, valve, appliance, attachment, appurtenance and any other personal property constructed, maintained, or operated by United Cities Gas Company as may be necessary to import, transport, distribute and sell natural gas.
- h) Streets the public streets, highways, avenues, roads, courts, alleys, lanes, ways, utility easements, parkways, public rights-of-way, or other public grounds, held or controlled by the City, in the City as they now exist or as they may be established at any time during the term of this franchise in the City, but only to the extent of the City's right, title, interest or authority to grant a license or franchise to occupy and use such streets and easements for the construction and operation of a public utility system.
- i) T.R.A. the Tennessee Regulatory Authority or any successor state agency having jurisdiction over the Company.

SECTION II: TERM.

That there is hereby granted to United Cities Gas Company, for a period of twenty (20) years from and after approval of this ordinance, and the filing of an acceptance by the Company, the nonexclusive right, authority, privilege, and franchise to construct, maintain and operate a Gas System to import, transport, distribute and sell Gas:

- (1) to the City and inhabitants, institutions and businesses thereof for domestic, commercial, industrial and institutional uses and any such other purposes for which it is or may hereafter be used; and
- (2) through the City to inhabitants, institutions and businesses outside the corporate boundaries for domestic, commercial, industrial and institutional uses and any such other purposes for which it is or may hereafter be used.

SECTION III: MODIFICATION.

That this ordinance may be modified in the future by mutual written agreement of the parties and approval by the T.R.A. and is subject to any ordinance that may be adopted by the City establishing reasonable uniform rules, procedures and obligations concerning the use of Streets for construction and operation of utility systems.

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SECTION IV: COMPLIANCE WITH APPLICABLE LAWS.

That the Gas System shall be constructed, maintained and operated, in good and safe condition, in accordance with standard engineering practices, and in accordance with any applicable Federal Laws and Regulations, Statues of the State of Tennessee, the Rules and Regulations of the T.R.A., and Ordinances of the City which do not conflict with any such federal or state laws, rule or regulation, as such practices and laws, statutes, ordinances, rules and regulations now exist or as they may be from time to time amended, changed or modified.

SECTION V: STANDARD OF CARE.

That the Company shall at all times employ a high standard of care and shall install and maintain and use approved methods and devices for preventing failure or accidents which are likely to cause damages, injuries or nuisances to the public.

SECTION VI: LOCATION OF FACILITIES.

- (A) That the City reserves the right, by ordinance or resolution of the Board of Mayor and Aldermen, or otherwise through proper representatives of the City, to designate specifically the location of the Gas System of the Company with references to municipal facilities, such as sewer and water mains, drainage facilities, fiber optic cable, signal poles and lines and similar services, other facilities, such as public telephone utilities, public electric utilities, public cable television utilities, and railway communication and power lines, in such a manner as to protect the public safety and public and private property and to facilitate the creation of a convenient, attractive and harmonious community. Failure by the City to so designate does not relieve the Company of its responsibilities in matters of public safety as provided in this Ordinance. The Company shall construct, maintain and locate its Gas System so as not to unreasonably interfere with the construction, location and maintenance of sewer, water, drainage, electrical, signal and fiber optic facilities owned or operated by the City.
- (B) The rights and privileges granted by this franchise shall not be in preference or hindrance to the rights of the City and any other lawful governmental authorities having jurisdiction to perform or carry out any public works or public improvements within the Streets. Should the Gas System of the Company interfere with the construction, maintenance or repair of such public works or improvements, the Company, after reasonable advance notice from the City, at the Company's sole expense, shall protect or relocate the Gas System or any applicable part thereof, as directed by the City or other governmental authorities having jurisdiction.

SECTION VII: USE OF PUBLIC WAYS.

- (A) That the Company, in any opening it shall make in the Streets of the City, shall be subject to the provisions of this Ordinance and to all applicable ordinances, codes and regulations of the City, which are uniformly applied to all utilities. Specifically, in addition to the requirements contained herein, except in the cases of emergencies, the Company shall at all times comply with Section 94-66 et seq. of the Code of Ordinances, City of Kingsport, 1998, as amended, with respect to any opening it shall make in the Streets of the City. The proposed location of any Gas System to be constructed by the Company in, upon, across, under or over the Streets of the City shall not unreasonably interfere with:
 - (1) the public safety or the convenience of persons using the Streets, or
 - (2) the use of Streets for purpose of travel, or
 - (3) with any use or contemplated use of Streets by the City either above or below the surface of the Street for which plans have been prepared or for which plans are in the course of preparation, which plans have been authorized by the City, and of which the Company has been previously notified by the City.
 - (4) personal property lawfully in, upon, along, across, under or over the Streets.
- (B) The Gas System's location, construction and maintenance shall not unduly burden regular maintenance procedures of the City and shall be coordinated with the City's annual paving program through the City Manager.
- (C) The City may require the Company to obtain a written permit whenever it becomes necessary for the Company to excavate in the Streets in order to install, construct, maintain or extend the Gas System. Such permits are applicable to any and all types of excavations in the Streets, and the Board of Mayor and Aldermen may, by resolution, establish a fee for each excavation made in a Street, provided it is uniformly applied to all persons or entities excavating in the street. Such permits may require the Company to (i) submit a drawing showing the proposed location of the particular part or point of the Streets where construction or excavation is to be conducted, (ii) identify the time and manner of the construction or excavation, (iii) identify the length of time in which such permit shall authorize such work to be done and the hours of each day during which such work shall be undertaken. Exceptions to the requirements for a written permit may be allowed in cases of

¹ The City will uniformly apply all applicable ordinances, codes and/or regulations to all utilities. The only possible exception is the Electric Company due to its 100-year franchise agreement.

emergencies involving public safety or restoration of service.

Whether or not the City requires the Company to obtain a permit, the Company shall submit to the City Manager a drawing of all proposed street cuts prior to performing the work except in the case of an emergency excavation.

In the case of emergency excavations made in the Streets without permit, the Company shall make a report of each such excavation to the City within two (2) working days and pay such fee as may be established by the Board of Mayor and Aldermen for excavations in the Streets. Any permit applications and inspections related to repair of excavations shall be promptly acted upon by the City so as not to unreasonably delay the Company in discharging its public service obligation. Any uniform fees² for permits or inspections charged by the City shall be based on the City's costs of administering the program of issuing permits and conducting inspections for all street cuts in the City. The City is exempt from paying any such fees for work it performs in the streets.

The Company shall use its best efforts to not interfere with or injure any utility or any other public improvement which the City has heretofore made or may hereinafter make in, upon, across, along or under any streets and shall not unnecessarily obstruct or impede such streets of the City.

- (D) The permit shall become null and void if no significant construction or progress is made within six (6) months after issuance of the permit.
- (E) The Company shall promptly remove or correct any obstruction, damage or defect in any Street which was caused by the Company in the installation, operation, maintenance or extension of the Gas System. Any such obstruction, damage, or defect which is not promptly removed, repaired or corrected by the Company after proper notice to do so, given by the City to the Company, may be removed or corrected by the City, and the cost thereof shall be charged against the Company. Any expense, cost, or damages incurred for repair, relocation, or replacement to City water, sanitary sewer, storm sewer, storm drainage, communication facilities or other property resulting from construction, operation, maintenance or extension of the Gas System shall be borne by the Company and any and all expense and cost incurred in connection therewith by the City shall be fully reimbursed by the Company to the City.
- (F) If weather or other conditions do not permit the complete restoration required by this Section, the Company shall temporarily restore the affected Streets or property. Such temporary restoration shall be at the Company's sole expense and the Company shall promptly undertake and complete the required permanent restoration when

² See Footnote 1.

the weather or other conditions no longer prevent such permanent restoration.

- (G) The Company shall not open, disturb or obstruct, at any one time, any more of the Streets than reasonably may be necessary to enable it to proceed in laying or repairing the Gas System. Neither shall the Company permit any Street so opened, disturbed or obstructed by it in the installation, construction, repair or extension of its Gas System to remain open or the Streets disturbed or obstructed for a longer period of time than reasonably shall be necessary.
- Whenever the City shall widen, reconstruct, realign, pave or repave, or (H) otherwise work on any Streets, or shall change the grade or line of any Streets, or shall construct or reconstruct any water, sanitary sewer, storm sewer, drainage or communications facility of the City, it shall be the duty of the Company at the Company's cost and expense to move, alter or relocate its Gas System or any part thereof as reasonably requested by the City. Upon written notice by the City Manager of the City's intention to perform work as specified above, the Company shall within a reasonable period of time accomplish its obligation in accordance with and to conform to the plans of the City for such construction, reconstruction or improvements. Should the Company fail, refuse or neglect to comply with such notice, the Gas System or any part thereof may be removed, altered or relocated by the City, the cost of which shall be paid by the Company, and the City shall not be liable to the Company for any damages resulting from such removal, alteration or relocation. In cases where the Company believes the costs of relocation by the Company would be cost prohibitive and an alternative location of the City's facilities would be feasible, the City and the Company may jointly evaluate whether the Company could reasonably pay any additional costs to the City for the alternative City facility location in lieu of relocation the Company's facilities.
- (I) All trees, landscaping and grounds removed, damaged or disturbed as a result of the construction, installation, maintenance, repair or replacement of the Gas System must be replaced or restored as nearly as may be practicable, to the condition existing prior to performance of work.
- (J) The Company shall give all required notices and comply with all laws, ordinances, rules and regulations bearing on the conduct of the construction being performed.
 - (K) Inspections during construction may be made by the City.
- (L) Construction and repair shall be performed with the least practical hindrance of the Streets for the purpose of travel or any other public purpose. After any work has commenced by the Company, in, upon, along, across, under, or over the Streets of the City, the same shall be continued in good faith and with due diligence until completed. If, as determined by the City Manager, the Company refuses or fails to proceed in good faith, or

any separable part thereof, with such diligence as will ensure its completion within a reasonable period of time, the City Manager will issue notice to the Company of his findings and instructions and, if after three (3) days of receipt of such notice, the Company has not commenced to re-execute the work, the City Manager will cause the construction required in said notice to be performed and charge the Company the entire cost and expense plus ten (10%) percent of the construction.

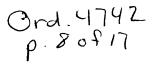
- When any construction opening or excavation, disturbance, cut or damage is made in, along, upon, across, under or over the Streets for any purpose whatsoever by the Company, any portion of said streets affected or damaged thereby shall be restored, as promptly as possible to as useful, safe, durable, in as good condition as existed prior to making of such opening or such excavation or such damage. If the company is unable to comply with the provisions of this section by reason of strikes, riots, acts of God, or acts of public enemies or other factors beyond its control, restorative work of a temporary nature allowing for such requirements as trench and backfill consolidation and fine grading and vegetative stabilization will be performed. The temporary restorative work shall be accomplished immediately in accordance with best acceptable construction procedures and shall be continuously maintained in a useful and safe condition pending permanent restoration, as per detail attached as Exhibit 1. Where a cut or disturbance is made in a section of sidewalk rather than replacing only the area actually cut, the Company shall replace the full width of the existing sidewalk as determined by the City Manager and the full length of the section or sections cut, a section being defined as that area marked by expansion joints or scoring. Where a cut or disturbance is made by the Company in a section of pavement, rather than repaving only the actual area cut the Company shall, if requested by the City Manager, repave the area between the street cuts when there are two or more street cuts made by the Company within 20' of each other. The width of the repavement shall correspond to the width of the street cut made by the Company. If the Company fails to timely perform said restoration and repair within a reasonable time, the City Manager may issue notice to the Company of his findings and instructions and, if after three (3) days the Company has not commenced the restoration and/or repair, the City Manager will cause the work required in said notice to be done and performed and charge the Company the entire cost and expense of restoration or repair plus ten (10%) percent.
 - (N) After the work of restoring such portion of the Street has been completed as provided herein, the Company shall keep such portion of such Street repaired or restored in as useful, safe, durable, and good condition as it existed prior to the making of such opening, excavation or damage, ordinary wear and tear excepted, for a period of eighteen (18) months from the completion of repair or restoration, if the City Manager determines that such portion of the Street was affected or damaged by the work of the Company.
 - (O) When Streets are opened, excavated, disturbed, obstructed or any other construction activity is required in the Streets by the Company, said Company, or other person acting on its behalf, shall place and maintain all necessary safety devices, barriers,

lights, and warnings to properly notify all persons of any dangers resulting from such construction entrances, and to prevent injury or damage to any person, vehicle or property by reason of such work in or affecting the Street and shall comply with all federal, state and local laws and regulations, including the Manual of Uniform Traffic Control Devices flagging requirements, the Manual for Streets and Highways, as approved by the Federal Highway Administrator and as may be amended from time to time shall be the standard used in determining the necessary placement of such devices, barrier, lights and warnings.

(P) The Company shall provide the City with a master set "as built" drawings and/or maps in an electronic form agreed to by City and the Company certifying the location of all its underground Gas Systems within the City. To the extent City and the Company cannot agree on an appropriate electronic form for the above referenced map or maps, the Company agrees to provide City with such information in hard copy or paper format. The Company shall also provide the City with a list of Streets along which its above ground Gas System is located. The Company shall provide updated maps in accordance with this Section on an annual basis if changes have occurred. The Company also agrees to cooperate with and participate in Tennessee One Call. On at least an annual basis the Company shall meet with the City Manager to discuss its plans for construction and/or maintenance of its gas system for the following year.

SECTION VIII: MISCELLANEOUS CONSTRUCTION PRACTICES.

- (A) Any pipe, pipeline, tube, main, service, conduit, duct or other structure laid, constructed, erected, or installed pursuant to the provisions of this franchise, or any tunnel or bore dug or made in the Street in connection with the laying, construction, erection, or installation of the Gas System shall be not less than thirty (30) inches below the surface of the Street when such installation is under three (3) inches or over in diameter and shall not be less than twenty-four (24) inches deep when such installation is under three (3) inches in diameter and measured in each instance from the established grade of the nearest point to the property, tunnel or bore as the case may be.
- (B) Where such depths are impractical due to extraordinary circumstances, the Company shall secure the approval of the City Manager, as to the suitable depth or location of said property, tunnel or bore and the same shall be placed in conformity with such approved location or depth, and in a manner reasonably satisfactory to the City Manager.
- (C) All manholes, vaults, traps, catch basins or other structures shall be so capped and covered as to be flush with the surface of the Street, and shall not interfere in any way with the use of the Streets for the purpose of travel.
- (D) The Company shall not lay, construct, erect, or install in the Streets any vent pipe from any vault, manhole or other structure of the Company except in the manner and



at the location prescribed or approved by the City Manager, and only in accordance with sound engineering practices.

(E) Not more than one (1) main pipeline shall be laid, constructed, erected or installed in any Street, except where extraordinary circumstances exist making it necessary or in the best interest of the City and its inhabitants, to lay, construct, erect, or install more than one (1) main pipeline in any Street.

SECTION IX: SYSTEM MODIFICATION

If, during the term of this franchise, it becomes necessary or expedient for the City to change the course, grade, width, or location, or improve in any way any Streets, including the laying of any sewer, storm drain, conduit, water or other pipes, in which the Company has any Gas System which, in the opinion of the City Manager, will interfere with such changes on the part of the City, it is agreed the Company will, at its own expense, within twenty (20) days after written notice from the City Manager and request to do so, begin the work of completing any and all things necessary to affect such change in position or location in conformity with such written instructions. It is further agreed that the Company will lend necessary and related support thereof to the City while such work is being completed or performed. Work by the Company shall be done in such a manner as to not impede the progress of the changes being made by the City; provided, however, that this section shall not be interpreted to deny the Company reimbursement in its rate base as provided by State statute.

SECTION X: UNDERGROUND INSTALLATION.

The City reserves the right by ordinance at any time during the term of this franchise to require the Company at its own cost and expense to remove any or all of its mains and service lines above the surface of the streets and to place and locate the same below the surface of the streets whenever such right, in the reasonable opinion of the City Manager, should be exercised by the City. However, this right does not include, above ground pressure regulating, metering or other equipment which is not customarily installed below ground.

SECTION XI: REVIEW BY BOARD.

If the Company is dissatisfied with any determination of the City Manager permitted by the foregoing sections thereof, it may petition the Board of Mayor and Aldermen within ten (10) days after such determination to review the same, which review shall be taken up by the Board of Mayor and Aldermen in the normal course of business.

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SECTION XII: CITY'S RIGHT TO CONSTRUCT.

The City reserves the right to lay, construct, erect, install, use, operate or maintain below surface or above the surface improvements of any type or description in, upon, along, across, under or over the Streets. If the necessary location for such improvements unreasonably interfere with any facility or equipment of the Company, then the Company, at its own cost and expense, shall begin the work of changing the location of all facilities and equipment conflicting or interfering with the improvements to a location in, upon, along, across, under or over the Streets with the location approved by the City Manager. The work shall commence within twenty (20) days after written notice from the City Manager requesting the Company relocate its facilities or equipment, and continue the work to completion with reasonable diligence and at its own cost and expense.

SECTION XIII: ABANDONMENT OF FACILITIES.

Upon abandonment of any of the facilities or equipment of the Company located above or below the surface of the Streets, the Company shall notify the City Manager in writing of such abandonment within a reasonable time thereafter and if such abandoned facilities or equipment will then interfere with the use of the Streets by the City, the City Manager shall give written notice thereof to the Company and the Company shall commence to remove the same within twenty (20) days following the date of the written notice and continue the work to completion with reasonable diligence and at its own cost and expense.

SECTION XIV: CITY RESERVATION OF RIGHTS.

All rights and privileges granted hereby are subject to the lawful exercise of the police power of the City to adopt and enforce local laws, rules and regulations necessary to the health, safety and general welfare of the public. Expressly reserved to the City is the right to adopt such additional ordinances and regulations as are necessary for the lawful exercise of its police power for the benefit and safety of the public. Further the City hereby reserves:

- (1) The right to grade, widen, relocate, sewer, pave, macadamize, lay conduits and pipe and to install manholes, poles or other structures therein, or to alter, repair or otherwise provide for the making of local improvements in the Street;
- (2) The right to make and enforce all such local police, sanitary or other regulations by ordinance in the exercise of its police power;
- (3) The right to make and provide for the making of local improvements by special assessment.

Ord. 4742 p. 10 of 17 The enumeration herein of specific rights reserved shall not be taken as exclusive, or as limiting the reservation made herein.

SECTION XV: INSURANCE.

The Company hereby agrees, upon official request of the City, to furnish to the City evidence of insurance on such amounts as may be reasonably necessary to protect the City. However, the coverage shall, at a minimum, include Workers' Compensation insurance covering the Company's statutory obligation under the laws of the State of Tennessee and Employer's Liability insurance for all its employees engaged in work under the franchise. Minimum limits of liability for Employer's Liability shall be \$100,000 bodily injury each occurrence; \$500,000 bodily injury by disease (policy limit); and \$100,000 bodily injury by disease (each employee).

SECTION XVI: HAZARDOUS WASTE.

The Company shall not transport, dispose of or release any hazardous waste within the Streets. If utilizing any hazardous material in the ordinary course of its business, the Company shall comply with all federal, state, and local laws, rules, regulations, and ordinances controlling air, water, noise, solid wastes, and other pollution, and relating to the storage, transport, release, or disposal of hazardous material, substances or waste. Regardless of the City's acquiescence, the Company shall indemnify and hold City, its officers, agents, employees and volunteers harmless from all costs, claims, damages, causes of action, liabilities, fines or penalties, including reasonable attorney's fees, resulting from the Company's, its agents, assigns, or violation of this paragraph and agrees to reimburse City for all costs and expenses incurred by City in eliminating or remedying such violations, including all remediation and clean up costs. This provision shall survive the expiration, revocation or termination of this franchise.

SECTION XVII: INDEMNIFICATION.

The Company shall at all times defend, indemnify and hold harmless the City and any of the City's representatives from and against all loss sustained by the City on account of any suit, judgment, execution, claim or demand whatsoever resulting from the failure of the Company or its employees to exercise due care and diligence in the construction, operation, and maintenance of its Gas System in the City provided the Company shall have been notified in writing of any claim against the City on account thereof and shall have been given ample opportunity to defend same. The Company shall indemnify, defend and hold harmless the City from any and all demands for fees, claims, suits, actions, causes of action, or judgments based on the alleged infringement or violation of any patent, invention, article, arrangement, or other apparatus that may be used in the performance of any work or activity arising out of the use of any Gas System or the provision of Gas System Service.

Ord. 4742 p11 of 17 The right of indemnification shall include and extend to reasonable attorney fees and trial preparation expenses and other litigation expenses reasonably incurred in defending a claim arising from the operation of the Gas System by the Company, whether or not the claim be proved to be without merit. This provision shall survive the expiration, revocation or termination of this franchise.

SECTION XVIII: FRANCHISE FEE.

The Company and the City acknowledge that the City has the right to establish a franchise fee and require the Company to pay compensation to the City for use of the Streets for construction, maintenance and operation of a Gas System. acknowledges that the Company competes with East Tennessee Natural Gas (ETNG) in providing gas to industrial customers and that the City does not impose a franchise fee on ETNG at this time. The City further acknowledges that if a franchise fee is imposed on the Company which must be passed on to all of the Company's customers, the Company will be at an economic disadvantage with respect to its industrial customers. Accordingly, any franchise fee which may be imposed on the Company by the City shall be structured so as to not apply to the Company's industrial customers. Any subsequently imposed franchise fee must be approved by the T.R.A. If the T.R.A. refuses to approve a franchise fee which is not uniformly applied to all of the Company's customers, then the ordinance and/or resolution imposing the fee shall be void and of no force or effect. The City also has the option of imposing a uniform franchise fee applicable to all of the Company's customers, provided all privately owned suppliers of natural gas within the corporate limits of the City, including without limitation ETNG, are required to pay an identical franchise fee. Any such franchise fee shall be based upon a percentage of the Company's gross revenues derived from the retail sale of natural gas within the corporate limits of the City; however, the percentage shall not exceed the highest franchise fee percentage then in effect under any other franchise of the Company in the State of Tennessee.

Any franchise fee subsequently established hereunder may be renegotiated with the Company no earlier than every five (5) years following the date of adoption of such franchise fee. Any franchise fee established by the City will be passed directly to customers of the Company pursuant to state law and shall be reflected as a separate line item on the customers' gas bills.

SECTION XIX: TRANSFER OF ASSETS.

(A) In the event the Company desires to sell or transfer the entire assets of the Gas System which is the subject of this ordinance, then the Company must offer to the City the opportunity to buy those assets located and situated in the City upon the same terms as being offered to some other party. A statutory merger, consolidation, recapitalization or sale or transfer of the common stock of the Company does not constitute a sale or transfer

Ord. 4742 p. 12 of 17 of assets for purposes of this section. The City will have sixty (60) days to accept the offer and an additional sixty (60) days to close said transaction, in the event the City elects to exercise the option to purchase.

- (B) In the event the City chooses not to exercise the option to purchase, the City shall continue to have the right to approve any sale, assignment, or transfer the Company may desire and this franchise cannot be sold, assigned, or transferred unless and until:
- (1) The Company shall have duly executed a good and sufficient instrument making such transfer, assignment or lease, and a duplicate original thereof shall have been filed with the City Manager.
- (2) An ordinance of the City consenting to such transfer, assignment or lease shall have been duly adopted and become effective, such consent shall not be unreasonably withheld.
- (3) The transferee, assignee, or lessee shall have duly executed a good and sufficient instrument accepting such transfer, assignment or lease, and assumes all the obligations of the Company under this franchise, and an original thereof shall have been filed in the office of the City Manager.
- (C) By the acceptance of the franchise, the Company agrees that in any proceeding for the purpose of regulating the rates of the Company, no greater value shall be placed upon this franchise than its actual cost and expense of acquisition. In any negotiations between the City and the Company for the purchase of the Company's property by the City, no value shall be placed upon this franchise by anyone in arriving at the purchase price.

SECTION XX: T.R.A. RULES AND REGULATIONS.

- (A) The City and the Company hereby agree that this Ordinance is subject to the approval of the T.R.A. and that the Ordinance shall also be subject to the rules and regulations of the State of Tennessee as they may from time to time be changed and that all such rules and regulations become part of this Ordinance to the same extent and with the same effect as if said rules and regulations were herein set out in full. A copy of the current T.R.A. rules and regulations are attached hereto as Exhibit 2.
- (B) The Company shall make every reasonable effort to furnish an ample and uninterrupted supply of gas to all customers throughout its entire system within the City and on any enlargements and extensions thereof within the City. The Company shall not unreasonably or arbitrarily refuse to make an extension thereof within the City. At the time each and every annexation ordinance of the City becomes operative the City Planning Department shall provide the Company with a copy of the ordinance and its accompanying

map precisely describing said annexed territory. The Company shall not unreasonably or arbitrarily refuse to make an extension for the purpose of giving Gas Service to the City, the inhabitants, institutions and businesses thereof. The Company shall also file with the City its extension policy and any changes as may from time to time be adopted, as filed with and approved by the T.R.A.

- (C) The Company shall at all times keep the City Manager apprised of its current gas rates, charges, and pricing policies charged to City residents and changes to such rates, charges, and pricing policies whether changes are initiated by the Company or by a third party. In the event the Company files a rate change request with the Tennessee regulatory authority, it shall provide the City Manager with a copy of the request at the time of filing.
- (D) During such time, if any, as there is no other duly constituted governmental authority having jurisdiction over the tariffs, rates, fixed charges, terms and conditions of service to be rendered by the Company, then the Board of Mayor and Aldermen of the City of Kingsport, Tennessee shall have jurisdiction to prescribe and fix by ordinance tariffs, rates, charges, terms and conditions governing the furnishing of said Gas Service which shall be sufficient to yield to the Company a reasonable return upon the fair value of its property used and useful in rendering said service.

SECTION XXI: ANNUAL REPORT.

The Company shall, upon request by the City, file with the City Manager a duplicate original of the Annual Report of the Company's operations in the City filed with the T.R.A., as now required by the Public Utility Act, or as may be required by any other act of legislature of the State of Tennessee, as soon as practical after one duplicate original of said report has been filed with said authority or its successors.

SECTION XXII: DEFAULT AND CURE.

Both the Company and the City recognize there may be circumstances whereby compliance with the provisions of this Ordinance is impossible or is delayed because of circumstances beyond the Company's control. In this instance, the Company shall use its best efforts to comply in a timely manner and to the extent possible. In the event of a substantial breach by Company of any material provision of this Ordinance, the City, acting by and through its Board of Mayor and Aldermen, may terminate the franchise and rights granted to Company hereunder, provided, however, that such termination shall not be effective unless and until the procedures described below have been followed:

(1) The City must deliver to Company, by certified or registered mail, a written notice. Such notice must (i) fairly and fully set forth in detail each of the alleged acts or omissions of Company that the City contends constitutes a substantial breach of any material provision

Ord. 4742. p. 14 of 17 hereof within 30 days of the alleged breach or within 30 days of the City's actual or constructive notice of the alleged breach whichever is later; and (ii) designate which of the terms and conditions hereof the City contends Company breached.

- (2) The City shall permit Company the opportunity to substantially correct and cure all of the breaches hereof set forth in the written notice described in subsection (1) above within thirty (30) days after Company's receipt of such notice before termination may occur.
- (3) If the Company objects and disagrees with the City's determination that a substantial breach of a material provision has occurred, the Company may submit the issue to the Board of Mayor and Aldermen for review within thirty (30) days of receipt of the written notice described in subsection (1) above. Termination of this Ordinance shall be stayed during the course of any such review or subsequent litigation on the issue until the matter is either resolved by agreement between the parties or upon entry of a final order of a court authorizing termination by the City.

In the event the Ordinance is properly terminated pursuant to the terms of this section prior to the expiration of the 20-year period or any renewal period thereafter, the Company shall not be entitled to claim lost profits against the City for the balance of time remaining under the 20-year period or any renewal period thereafter in a sale of assets to the City or any condemnation action. In the event of termination and/or expiration of this Ordinance, the Company may continue to operate on the same terms and conditions pending either a negotiated sale of its assets, negotiation of a new franchise or condemnation, whichever first occurs, with a minimum period of six months and a maximum period of 24 months, absent agreement of the parties.

SECTION XXIII: SEVERABILITY PROVISION.

After adoption of this ordinance, should any section, subsection, sentence, provision, clause or phrase of this ordinance be declared by the Tennessee regulatory authority or by a court competent jurisdiction to be invalid or unconstitutional, such declaration shall not affect the validity of this ordinance as a whole or any part thereof other than the part so declared to be invalid or unconstitutional, it being the intent in adopting this ordinance that no portion thereof or provision or regulations contained therein shall become inoperative or fail by reason of the unconstitutionality or in validity of any other portion or provision or regulation.

Ord. 4742 p. 15 of 17

SECTION XXIV: NOTICE.

Any written notice herein required to be given by the City, or any of its officers or agents, to the Company, shall be deemed to have been duly served if delivered in person to any officer of the Company or to its local agent or manager, or if sent by certified mail to the postal address of the Company.

SECTION XXV: PRIOR AGREEMENT.

All ordinances or parts of ordinances establishing a prior franchise agreement for Gas in conflict with the provisions of this ordinance are hereby repealed.

SECTION XXVI: EFFECTIVE DATE.

The franchise shall become effective and all its terms, provisions and conditions binding upon both the City and the Company fifteen (15) days after its final passage, provided the Company shall within said fifteen (15) days endorse on the original ordinance its acceptance of this franchise in the words and figures following:

United	Cities Gas	Company hereby	accepts	this	franchise	this	2714	dav
of	MARCH	, 2000.	-					,

UNITED CITIES GAS COMPANY, A Division of Atmos Energy Corporation

THOMAS BLOSE

President

EANETTE D. BLAZIER

Mayor

DEPUTY CITY RECORDER

16

Ord. 4742 p. 160f17 ATTEST:



APPROVED AS TO FORM:

J. MICHAEL BILLINGSLEY
City Attorney

PASSED ON 1ST READING 3-7-2000

PASSED ON 2ND READING 3-21-7000

This is to certify that this is an exact & true copy.

DEPUTY CITY RECORDER

Ord. 4742 p 170617

RESOLUTION APPROVING THE UNITED CITIES GAS COMPANY FRANCHISE AGREEMENT

WHEREAS, it is desirable to approve the attached franchise resolution with United Cities Gas Company.

NOW, THEREFORE, BE IT RESOLVED by the Maury County Legislative Body that the attached franchise resolution for United Cities Gas Companies is hereby approved.

This the 18th day of October, 1999.

ED HARLAN - COUNTY EXECUTIVE

STATE OF TENNESSEE-----MAURY COUNTY

I the undersigned clerk, do hereby certify that
this is a true and correct copy of the original
of this instrument filed this 18 19 01

, 15 <u>9 9</u>

Maury County

RESOLUTION NO.

A RESOLUTION GRANTING TO UNITED CITIES GAS COMPANY, A DIVISION OF ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A NON-EXCLUSIVE FRANCHISE TO PROVIDE THE COUNTY OF MAURY, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF MAURY, TENNESSEE:

SECTION 1; There is hereby granted to United Cities Gas Company, a division of Atmos Energy Corporation, a corporation organized and existing under the laws of the State of Texas, and the Commonwealth of Virginia, its successors and assigns (hereinafter for convenience, individually and collectively, referred to as "Company"), the right, authority, privilege and non-exclusive franchise to serve the County of Maury (hereinafter for convenience referred to as "County"), and in the providing of such natural gas service to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the distribution of gas, in, upon, under, along, across and over the highways, streets, avenues, roads, alleys lanes, ways, utility easements, parkways and other public grounds in the present or future limits of the County, for the supplying and selling of gas and its by-products to said County and the inhabitants, institutions and businesses thereof, and for such purposes to construct, lay down, maintain, and operate all necessary gas mains, service pipes and other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such to said County and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used, for a period of thirty (30) years from and after the passage and approval of this Resolution.

SECTION II: All gas mains, service pipes, fixtures, facilities and other appliances so laid, constructed and maintained by virtue of this Resolution, shall be so laid, constructed and maintained in accordance with all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering profession and in accordance with any applicable Statutes of the State of Tennessee and the Rules and Regulations of the Tennessee Regulatory Authority or of any other governmental regulatory commission, board or agency having jurisdiction over the Company. Said facilities shall be constructed so as not to interfere with the drainage of said County or unreasonably interfere with or injure any sewer or any other improvement which said County has heretofore made or may hereafter make in, upon or along any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds of said County, and shall conform to the grade as then or hereafter established. The Company agrees to attempt to utilize known right-of-way whenever practical before resorting to right of condemnation to which the Company may be entitled to utilize by law.

SECTION III: When the streets, avenues, alleys and other public ways are opened, or any other opening is made by the Company within the County, whether the same be made for the purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of the Company, the Company shall place and maintain necessary safety devices, barriers, lights and warnings to properly notify persons of any dangers resulting from such entrances, and shall comply with applicable safety regulations required by federal, state and local laws.

SECTION IV: In the event it becomes necessary or expedient for the County to change the course or grade of any highway, street, avenue, road, alley, way,

parkway, or other public ground in which the Company is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of the County, the Company will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration.

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SECTION V: Whenever the Company wishes to enter upon any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground for the purpose of constructing, replacing or repairing any gas mains, pipes, or other appliances, it will if the County desires, notify the County and file a plan or map of the proposed work, if practicable, before commencing same. Whenever any highway, street, avenue, road, alley, lane, way, utility easement, parkway or other public way shall be entered, dug up or disturbed by the Company, the Company shall, at its expense and as soon as possible after the work is completed, restore such highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground in as good condition as existed before the work was done and to the reasonable satisfaction of the County. In the event the Company shall fail to fulfill its obligations under this section, the County, after giving the Company reasonable written notice, and failure of the Company to make such repairs or restoration, may make the necessary restoration or repairs itself and the Company shall be liable for the cost of same.

The provisions of this section shall not be applied or interpreted in such a way as to prevent or delay Company work that may be required as a result of any emergency, leak or other immediate hazard or danger. Likewise, the provisions of this section anticipate that the Company shall not be unreasonably denied permission to perform necessary work.

SECTION VI: The Company shall at all times indemnify and hold harmless the County from and against any and all lawful claims for injury to any person or property by reason of the Company or its employees' failure to exercise due care and diligence in and about the installing and maintenance of said system, guarding trenches and excavation while said systems is being installed or subsequent extensions, repairs or alterations are being made or generally in the operation and maintenance of said system, provided the Company shall have been notified in writing of any claim against the County on account thereof, and shall have been afforded the opportunity fully to defend the same.

SECTION VIII: The County and the Company hereby agree that this Resolution shall from time to time be subject to rules and regulations adopted by the Company and approved by the Tennessee Regulatory Authority or any other regulatory body having jurisdiction thereof during the term of this Resolution, and shall also be subject to all Rules and Regulations adopted and approved by the Tennessee Regulatory Authority or any other regulatory body and that all such Rules and Regulations shall be and become a part of this Resolution to the same extent and with the same effect as if said Rules and Regulations were herein set out in full. The Company shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the Tennessee Regulatory Authority, or any other regulatory body having jurisdiction thereof during the term of this Resolution.

SECTION VIII: Nothing herein contained shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats of any portion of said County heretofore or hereafter platted or recorded or any such easement which may

hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever.

SECTION IX: Notwithstanding anything expressly or impliedly to the contrary contained herein, in the event Company is prevented, wholly or partially, from complying with any obligation or undertaking contained herein by reason of any event of force majeure, then, while so prevented, compliance with such obligations or undertakings shall be suspended. The term "force majeure," as used herein, shall mean any cause not reasonably within Company's control and includes, but is not limited to, acts of God, strikes, lock-outs, wars, riots, orders or decrees of any lawfully constituted federal, state, or local body; occurrences resulting from or attributable to chronological date changes from the year 1999 to the year 2000; contagions or contaminations hazardous to human life or health; fires, storms, floods, wash-outs, explosions, breakages or accidents to machinery or lines of pipe; Inability to obtain or the delay in obtaining rights-of-way, materials, supplies, or labor permits; temporary failures of gas supply, or necessary repair, maintenance, or replacement of facilities used in the performance of the obligations contained in this ordinance.

SECTION X: If any section or portion of any section of this ordinance shall hereafter be declared or determined by any court of competent authority to be invalid, the Company and the County at their election may ratify or conform the remaining portions of this Resolution and upon such ratification or confirmation the remaining portions of this ordinance shall remain in full force and effect.

SECTION XI: The Company shall, within sixty (60) days after the passage of the Resolution, file with the County Clerk or other appropriate official of the County its unconditional acceptance, signed by its President or Vice President, of the terms and conditions of this ordinance and after filing of such acceptance, this ordinance shall constitute a contract between the parties thereto and shall, subject to the rights and

powers vested in the Tennessee Regulatory Authority or such other regulatory body of the State of Tennessee as may hereafter succeed to the rights and powers of the Tennessee Regulatory Authority or as may exercise statutory jurisdiction of gas companies furnishing gas service in the State of Tennessee, be the measure of the rights, powers, obligations, privileges and liabilities of said County and of said Company.

SECTION XII: All the privileges given and obligations created by this Resolution shall be binding upon the successors and assigns of the Company.

SECTION XIII: This new Resolution shall take effect and be in force immediately upon its passage by the County of Maury, Tennessee and approval by the Board of Commissioners of said County.

	Adopted	d by the Bo	pard of Commission	oners of the Co	ounty of Maury, Te	ennessee,
this _	18,00	day of	October	_ A.D., 1999.	Hale	
Appro	oved this	18 +v	_ day of	des	A.D., 1999.	
				Ma	County Clerk	Crang
Attes	st:					
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		, , coord	-(-2002			
(SEA	1 L)					



Thomas R. Blose, Jr. President

March 10, 2000

Mr. C. L. Overman City Administrator City of Morristown P.O. Box 1499 Morristown, TN 37816-1499

RE: Morristown Franchise

Dear C.L.,

Enclosed please find United Cities Gas Company's acceptance of the Morristown Franchise passed by the Mayor and City Council. United Cities is delighted that the City and the Company were able to reach an accommodation of each party's interests. We look forward to a long-lasting and prosperous relationship with the City and its citizens.

If you should need any further information, please feel free to contact me.

Sincerely,

Thomas R. Blose, Jr.

cc: File

Enclosure

ACCEPTANCE OF FRANCHISE

City of Morristown, Tennessee

City Administrator/Recorder TO: Morristown, Tennessee

United Cities Gas Company, a division of Atmos Energy Corporation, hereby respectfully files with you its written acceptance of the franchise adopted by the Mayor and City Council of the City of Morristown, Tennessee, dated January 4, 2000, entitled:

ORDINANCE NO. 3022

AN ORDINANCE GRANTING TO UNITED CITIES GAS COMPANY, A DIVISION OF ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF MORRISTOWN, HAMBLEN COUNTY, TENNESSEE, NATURAL GAS SERVICE, AND THE RIGHT CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS SERVICE PIPES FOR THE PURPOSE MAINS AND TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF MORRISTOWN, HAMBLEN COUNTY, TENNESSEE.

IN WITNESS WHEREOF, United Cities Gas Company, a division of Atmos Energy Corporation has caused this instrument to be signed by its President on this 10th day of March, 2000.

> UNITED CITIES GAS COMPANY, a Division of Atmos Energy Corporation

By Thomas R. Blose, Jr., President

City of Morristown

Incorporated 1855

C. L. OVERMAN City Administrator



January 12, 2000

Mr. Tom Blose
President
United Cities Gas Co.
810 Crescent Drive
Franklin, Tennessee 37067-6226

Dear Tom:

Attached please find a certified copy of the gas franchise approved by the Morristown City Council. If additional documentation is required please contact me at your convenience to let me know.

We are pleased that the franchise negotiation process worked as well as it did and look forward to years of quality service from United Cities for the citizens of Morristown.

Sincerely

C.L. Overman

City Administrator

Cc:

Mayor John Johnson

Dick Jessee, City Attorney

Attachment

CERTIFICATE OF AUTHENTICITY

City of Morristown County of Hamblen State of Tennessee

I, C. L. Overman, hereby certify that I am the City Administrator/Recorder of the City of Morristown, Tennessee, and that as such, I am the official custodian of the City Council Minute Books and of the books, papers, records, and documents of the City and, that the foregoing is a true, perfect, and correct copy of the Natural Gas Franchise (Ordinance No. 3022) which was adopted on final reading at the January 4, 2000, City Council Meeting, the original of which is on file in this office.

In Witness whereof I have hereunto subscribed my name and the City Seal this <u>11th</u> day of <u>January</u>, 2000.

City Administrator/Recorder

SEAL

LAW OFFICES BAKER, DONELSON, BEARMAN & CALDWELL

A PROFESSIONAL CORPORATION 1800 REPUBLIC CENTRE

633 CHESTNUT STREET

CHATTANOOGA, TENNESSEE 37450-1800

JACKSON

(423) 756-2010

FACSIMILE 14231 756-3447 WASHINGTON, D.C.

CHATTANOOGA *CNOXVILLE JOHNSON CITY HUNTSVILLE

TENNESSEE

MEMPHIS

MASHVILLE

JOEA. CONNER Direct Dial: (423) 752-4417 Direct Fax: (423) 752-9527 Internet Address: jconner@bdbc.com

December 6, 1999

VIA FEDERAL EXPRESS

Richard C. Jessee, Esq. Bacon, Jessee & Perkins Georgian Court 1135 West Third North Street Morristown, TN 37814-3829

> City of Morristown - United Cities Gas Franchise Agreement Re:

Dear Dick:

Enclosed is a copy of the Tennessee Regulatory Authority Gas Tariff which is applicable to the franchise agreement and should be attached as an exhibit thereto. I have also enclosed originals of the two proposed versions of the franchise agreement which I left at your office last week.

It is our understanding that one of the two versions will be presented to city council at the meeting on December 7th for the first reading.

Very truly yours,

Joe A. Conner Self

For the Firm

JAC:ldg

Enclosure

CC:

Mr. Tom Blose, via e-mail

Mr. Ronald Range, Jr., via e-mail

C JAC 169451 v1 830844-0049 12/06/1999 ORDINANCE NO. 3022
AN ORDINANCE GRANTING TO UNITED CITIES GAS COMPANY, A DIVISION OF ATMOS ENERGY CORPORATION, ITS SUCCESSORS AND ASSIGNS, A FRANCHISE TO PROVIDE THE CITY OF MORRISTOWN, HAMBLEN COUNTY, TENNESSEE, WITH NATURAL GAS SERVICE, AND THE RIGHT TO CONSTRUCT, MAINTAIN, AND OPERATE A SYSTEM OF GAS MAINS AND SERVICE PIPES FOR THE PURPOSE OF TRANSMITTING AND DISTRIBUTING GAS IN, UPON, ACROSS, ALONG AND UNDER THE HIGHWAYS, STREETS, AVENUES, ROADS, ALLEYS, LANES, WAYS, UTILITY EASEMENTS, PARKWAYS AND OTHER PUBLIC GROUNDS OF THE CITY OF MORRISTOWN, HAMBLEN COUNTY, TENNESSEE.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF MORRISTOWN, HAMBLEN COUNTY, TENNESSEE:

SECTION I: There is hereby granted to United Cities Gas Company, a division of Atmos Energy Corporation, a corporation organized and existing under the laws of the State of Texas and the Commonwealth of Virginia, its successors and assigns (hereinafter for convenience, individually and collectively, referred to as "Company"), the right, authority, privilege and franchise to serve the City of Morristown (hereinafter for convenience referred to as "Municipality" or "City"), and in the providing of such natural gas service to construct, maintain and operate a system of gas mains, service pipes, regulator stations and all other necessary and appropriate equipment and facilities for the distribution of gas, in, upon, under, along, across and over the highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds in the present or future corporate limits of the Municipality, for the supplying and selling of gas and its by-products to said Municipality and the inhabitants, institutions and businesses thereof, and for such purposes to construct, lay down, maintain, and operate all necessary gas mains, service pipes, and other appliances, fixtures and facilities as may be necessary for the transmission, distribution and sale of such to said Municipality and the inhabitants thereof for domestic, commercial, industrial and institutional uses, and other purposes for which it is or may hereafter be used, for a period of fifteen (15) years from and after the passage and approval of this Ordinance unless such franchise is terminated sooner pursuant to Section XIV hereof. The term of this Ordinance shall be renewed for an additional five-year period on the same terms and conditions unless such franchise is terminated sooner pursuant to Section XIV hereof or the City Council votes within one year prior to the end of the initial fifteen-year term not to renew. The Company hereby agrees to provide such natural gas service to the City and its inhabitants in accordance with the terms of the Ordinance.

SECTION II: All gas mains, service pipes, fixtures, facilities and other appliances so laid, constructed and maintained by virtue of this Ordinance, shall be so laid, constructed and maintained in accordance with all applicable engineering codes adopted or approved by the natural gas distribution industry and/or engineering profession and in accordance with any applicable Statutes of the State of Tennessee

and the Rules and Regulations of the Tennessee Regulatory Authority or of any other governmental regulatory commission, board or agency having jurisdiction over the Company. Said facilities shall be constructed as not to interfere with the drainage of said Municipality or unreasonably interfere with or injure any sewer or any other improvement which said Municipality has heretofore made or may hereafter make in, upon or along any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground, or unnecessarily impede or obstruct such highways, streets, avenues, roads, alleys, lanes, ways, utility easements, parkways and other public grounds of said Municipality, and shall conform to the grade as then or hereafter established. The Company agrees to attempt to utilize known right-of-way whenever practical before resorting to right of condemnation which the Company may be entitled to utilize by law.

SECTION III: When the streets, avenues, alleys and other public ways are opened, or any other opening is made by the Company within the Municipality, whether the same be made for the purpose of laying, constructing, replacing or repairing the mains, pipes and other appliances and fixtures of the Company, the Company shall place and maintain necessary safety devices, barriers, lights and warnings to properly notify persons of any dangers resulting from such entrances, and shall comply with applicable safety regulations required by federal, state and local laws.

SECTION IV: In the event it becomes necessary or expedient for the Municipality to change the course or grade of any highway, street, avenue, road, alley, way, parkway, or other public ground in which the Company is maintaining gas mains, pipes or other appliances and fixtures, then, upon the written request of the Municipality, the Company will remove or change the location or depth of such mains, pipes or other appliances and fixtures, as necessary to conform to the proposed street alteration at the Company's expense.

SECTION V: Whenever the Company wishes to enter upon any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground for the purpose of constructing, replacing or repairing any gas mains, pipes, or other appliances, it will if the Municipality desires, notify the Municipality and file a plan or map of the proposed work, if practicable, before commencing same. Whenever any highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public way shall be entered, dug up or disturbed by the Company, the Company shall, at its expense and as soon as possible after the work is completed, restore such highway, street, avenue, road, alley, lane, way, utility easement, parkway, or other public ground to as good condition as existed before the work was done and to the reasonable satisfaction of the Municipality. In the event the Company shall fail to fulfill its obligations under this section, the Municipality, after giving the Company reasonable written notice, and failure of the Company to make such repairs or restoration, may make the necessary restoration or repairs itself and the Company shall be liable for the cost of same plus 30%.

The provisions of this section shall not be applied or interpreted in such a way as to prevent or delay Company work that may be required as a result of any emergency, leak or other immediate hazard or danger. Likewise, the provisions of this section anticipate that the Company shall not be unreasonably denied permission to perform necessary work.

SECTION VI: The Company shall at all times indemnify and hold harmless the Municipality from and against any and all lawful claims for injury to any person or property by reason of the Company or its employees' failure to exercise due care and diligence in and about the installing and maintenance of said system, guarding trenches and excavation while said system is being installed or subsequent extensions, repairs or alterations are being made or generally in the operation and maintenance of said system, provided the Company shall have been notified in writing of any claim against the Municipality on account thereof, and shall have been afforded the opportunity fully to defend the same.

SECTION VII: The Municipality and the Company hereby agree that this Ordinance shall from time to time be subject to rules and regulations adopted by the Company and approved by the Tennessee Regulatory Authority ("TRA"), a copy of which is attached hereto as Exhibit A, and incorporated herein by reference, or any other regulatory body having jurisdiction thereof during the term of this Ordinance, and shall also be subject to all Rules and Regulations adopted and approved by the TRA or any other regulatory body and that all such Rules and Regulations shall be and become a part of this Ordinance to the same extent and with the same effect as if said Rules and Regulations were herein set out in full. The Company shall not be obligated or required to make any extension of distribution mains or service lines except in accordance with the provisions relating thereto adopted or approved by the TRA, or any other regulatory body having jurisdiction thereof during the term of this Ordinance. In the event that the TRA Rules and Regulations are modified after the effective date of this Ordinance, any such modification shall automatically be incorporated and become a part of this Ordinance.

The current guidelines adopted and approved by the TRA governing the extension of gas distribution mains¹ provide as follows:

Gas mains will be extended by the Company to supply new Customers, without additional charge for any extension, provided the length of such extension does not exceed the length calculated using the following formula:

1. Residential Customers:

Free length = one (1) foot per Mcf ("Mcf" is 1,000 cubic feet of gas) of estimated total annual gas consumption. This free length formula is based upon extension of a 2-inch polyethylene main. If Customer(s)' load requires a larger and/or steel main, Customer(s) will be required to

¹ The guidelines governing extension of service lines are found under Section 7.3 of the TRA General Rules and Regulations.

deposit the difference between the estimated cost of the main required to service Customer(s) and the estimated cost of the free extension calculated by this formula.

2. <u>Commercial and Industrial Customers:</u>

- a. For each customer whose annual consumption is estimated by the Company to be 500 Mcf or less, the free length shall be computed in accordance with paragraph (1) of the section.
- b. For each customer whose annual consumption is estimated by the Company to be over 500 Mcf, the free length, if any, will be determined on an individual feasibility basis considering the required investment, character, and economic life of the load, and other appropriate information.

3. General (applicable to residential, commercial and industrial customers)

- No free length allowance will be made for usage for temporary, standby, auxiliary, or emergency use only.
- The Company is under no obligation to provide a free length allowance under the optional rate schedules approved by the TRA.
- c. Upon the request of multiple residential customers, commercial and/or industrial customers, the Company agrees to supply said customers with the information relied upon by the Company to determine the estimate of annual consumption under paragraphs 1 and 2 hereof.

SECTION VIII: Nothing herein contained shall be construed as preventing the Company from installing, placing, replacing, taking up, repairing or removing gas pipes, mains, service pipes or other devices for furnishing gas services, from using any easements for gas service which are shown on any plats of any portion of said Municipality heretofore or hereafter platted or recorded or any such easement which may hereafter be created, granted or dedicated for any such utility purposes by any person, firm or corporation whatsoever.

SECTION IX: The Company shall collect and pay annually to the City a sum equal to five percent (5%) of the gross receipts from retail gas sales, said payments to be made monthly by the 20th day of the second month after the said sales are made. It shall be the duty of the Company to furnish to the City a monthly statement of said gross receipts, and the books of the Company, including customer service address information for all customers in Hamblen County, shall be available for audit by the City during normal business hours at the Company's Morristown office and upon reasonable advance notice at a mutually agreeable time.

SECTION X: The Company shall maintain an office in Morristown which is open to the public Monday through Friday during normal business hours. The Company will staff the office with a minimum of one qualified employee to provide customer service, including billing and payment inquiries, acceptance of service

connection/disconnection orders, acceptance of payments, and to use its best efforts to resolve customer issues. The Company shall maintain said office during the term of this Ordinance unless the Company and City mutually agree in writing that the operation of said office may be modified or closed at a later date.

SECTION XI: The Company shall provide adequate service personnel and equipment based in Morristown and/or Hamblen County to respond to customer service calls from locations within the City, and shall provide the local public safety agencies, including the City police and fire departments, Morristown Rescue Service and 911 Center the Company's toll free emergency telephone number and a listing of direct local telephone and pager numbers of local Company agents to contact in case of emergency.

SECTION XII: Upon request from the Customer, the Company will respond to leak investigation notices without charge to the customer. However, the Company is not responsible for maintenance, repair, adjustment and/or replacement of any gas furnace, water heater or other gas appliance.

SECTION XIII: The Company shall submit a written report and at the City's request appear before City Council at least on an annual basis to report on planned capital investments, extensions, system expansion, customer satisfaction and/or public safety response experience. In addition, the City and the Company will endeavor to coordinate Company expansion and repair activities with City public works projects.

SECTION XIV: Default and Cure. Both the Company and the City recognize there may be circumstances whereby compliance with the provisions of this Ordinance is impossible or is delayed because of circumstances beyond the Company's control. In this instance, the Company shall use its best efforts to comply in a timely manner and to the extent possible. In the event of a substantial breach by Company of any material provision of this Ordinance, the City, acting by and through its City Council, may terminate the franchise and rights granted to Company hereunder, provided, however, that such termination shall not be effective unless and until the procedures described below have been followed:

1. The City must deliver to Company, by certified or registered mail, a written notice. Such notice must (i) fairly and fully set forth in detail each of the alleged acts or omissions of Company that the City contends constitutes a substantial breach of any material provision hereof within 30 days of the alleged breach or within 30 days of the City's actual or constructive notice of the alleged breach whichever is later; (ii) designate which of the terms and conditions hereof the City contends Company breached; and (iii) specify the date, time and place at which a public hearing will be held by the City Council for the purpose of determining whether the allegations contained in the notice did, in fact, occur, provided, however, that the date of such hearing may not be less than fifteen (15) days after the date of such notice.

- Within ten (10) days following the adjournment of the public hearing described in subsection (1) above, the City must deliver to Company, by certified or registered mail, a written notice setting forth (i) the acts and omissions of Company described in the first notice that the City Council determines to have in fact occurred; and (ii) the specific terms and conditions of this Ordinance listed in the first notice that the governing body of the City determines to have in fact been breached by such acts or omissions of Company.
- The City shall permit Company the opportunity to substantially correct and cure all of the breaches hereof set forth in the written notice described in subsection (2) above within one (1) year after Company's receipt of such notice before termination occurs.
- 4. If the Company objects and disagrees with the City's determination that a substantial breach of a material provision has occurred, the Company may submit the issue to binding arbitration according to the rules of the American Arbitration Association ("AAA").² The Company shall give the City and the AAA written notification of its desire to submit the matter to arbitration within thirty (30) days of receipt of the written notice described in subsection (2) above. Termination of this Ordinance shall be stayed during the course of any such arbitration until the matter is either resolved by agreement between the parties or upon entry of a final order confirming an arbitration order authorizing termination by the City.

Upon completion of the procedures described above, the Ordinance shall be terminated effective on the later of (1) the date that is one (1) year after the Company's receipt of the written notice described in subsection two (2) above, or (2) the date of entry of a final order confirming an arbitration order authorizing termination by the City pursuant to Subsection four (4) above. In the event the Ordinance is properly terminated pursuant to the terms of this section prior to the expiration of the 15-year period or any renewal period thereafter, the Company shall not be entitled to claim lost profits against the City for the balance of time remaining under the 15-year period or any renewal period thereafter in a sale of assets or any condemnation action. In the event of termination and/or expiration of this Ordinance, the Company may continue to operate pending either a negotiated sale of its assets, negotiation of a new franchise or condemnation, whichever first occurs, with a minimum period of six months and a maximum period of 24 months, absent agreement of the parties.

² The City and Company agree that, should it be subsequently determined that the City cannot legally be subject to binding arbitration, the City or Company may file suit in Knox County, Tennessee or any other venue which is mutually agreeable to the parties to resolve any dispute over an alleged breach of the Ordinance. In that event, the court's determination as to whether a substantial breach of a material provision has occurred shall be binding on the parties and shall substitute for a final order confirming an arbitration order for purposes of Subsection four (4).

SECTION XV: If any section of portion of this Ordinance shall hereafter be declared or determined by any court of competent authority to be invalid, the remaining provisions of this Ordinance shall continue to be in full force and effect, unless the parties mutually agree to the contrary.

SECTION XVI: The Company shall, within sixty (60) days after the passage of the Ordinance, file with the City Clerk or other appropriate official of the Municipality its unconditional acceptance signed by its President or Vice President of the terms and conditions of this Ordinance and after filing of such acceptance, this Ordinance shall constitute a contract between the parties thereto and shall, subject to the rights and powers vested in the TRA or such other regulatory body of the State of Tennessee as may hereafter succeed to the rights and powers of the TRA or as may exercise statutory jurisdiction of gas companies furnishing gas service in the State of Tennessee, be the measure of the rights, powers, obligations, privileges and liabilities of said Municipality and of said Company. The terms of this Ordinance are subject to approval by the TRA.

SECTION XVII. All the privileges given and obligations created by this Ordinance shall be binding upon the successors and assigns of the Company.

SECTION XVIII. This new Ordinance shall take effect and be in force immediately upon its passage by the City of Morristown, Tennessee, and approval by the Mayor of said City.

Adopted by the Governing Body and the Mayor of the City of Morristown, Tennessee, on first reading during regular session of City Council this 21st day of December, 1999.

Mayor

City Administrator/Recorder

Passed on second and final reading the 4th day of January, 2000.

City Administrator/Recorder

ATTES

TENNESSEE REGULATORY AUTHORITY GAS TARIFF OF UNITED CITIES GAS COMPANY, A DIVISION OF

ATMOS ENERGY CORPORATION

Communications Regarding This Tariff Should be Addressed to:

Thomas R. Blose, Jr., President United Cities Gas Company, A Division Of Atmos Energy Corporation 5300 Maryland Way Brentwood, Tennessee 37027

Issued by:

Thomas R. Blose, Jr., President

Date Issued: August 1, 1997 Issued Pursuant to Docket No. 96-01299

UNITED CIT ATMOS ENF

AS COMPANY, A DIVISION OF CORATION

T. R. A. No. 1

Original Sheet No. 1

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UNITED CITIES GAS COMPANY, A DIVISION OF ATMOS ENERGY CORPORATION

T. R. A. No. 1

Original Sheet No. 2

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Issued by: Thomas R. Blose, Jr., President Date Issued: August 1, 1997
Issued Pursuant to Docket No. 96-01299

Effective Date:

September 2, 1997

PRELIMINARY STATEMENT

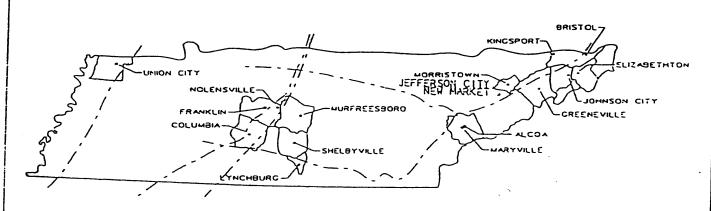
United Cities Gas Company, a Division of Atmos Energy Corporation, sometimes herein referred to as "Company", is a public utility engaged in the business of distributing and selling natural gas at retail within its authorized service areas in the State of Tennessee, and subject to the jurisdiction of the Tennessee Regulatory Authority.

This tariff, containing replacement rates of United Cities Gas Company, a Division of Atmos Energy Corporation, is filed with the Tennessee Regulatory Authority in accordance with the applicable statutes of Tennessee and the applicable Rules and Regulations of that Commission.

Gas service will be provided to all bona fide applicants for service in accordance with the terms and conditions of Company's service regulations, and at Company's applicable rate schedules, as set forth in this tariff.

Areas Served

The Company serves several communities in Tennessee with natural gas purchased from various natural gas pipelines in accordance with separate and individual tariffs approved by the Federal Energy Regulatory Commission. The areas served by the Company and the natural gas pipeline supplier for such areas are as follows:



- Union City and adjacent areas supplied with gas purchased by the Company from Area 1 -Texas Gas Transmission Corporation in Obion County.
- Columbia, Shelbvville, Lynchburg, Marvville-Alcoa, and adjacent areas supplied with Area 2 gas purchased by the Company from East Tennessee Natural Gas Company under its Zone I Rate Schedule in Maury, Bedford, Moore and Blount Counties.
- Franklin, Murfreesboro, Nolensville, and adjacent areas supplied with gas purchased Area 3 by the Company from Texas Eastern Transmission Corporation in Rutherford and Williamson Counties.
- Johnson City, Elizabethton, Greeneville, Kingsport, Morristown, Bristol and adjacent Area 4 areas supplied with gas purchased by The Company from East Tennessee Natural Gas Company under Zone 2 & 3 Rate Schedules in Hamblen, Sullivan, Carter, Washington, and Greene Counties.

Issued by:

Thomas R. Blose, Jr., President

Date Issued: August 1, 1997 Issued Pursuant to Docket No. 96-01299

RESIDENTIAL GAS SERVICE

Schedule 210: All Service Areas

<u>Availability</u>

Residential service is available within the Company's service area to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area

Customer Charge

A monthly customer charge of \$6.00 is payable regardless of the usage of gas.

Monthly

May through September, October through April,	All consumption, per Ccf All consumption, per Ccf	\$.2257 \$.2657
Thin,	An consumption, per Ccr	\$.2657

Minimum Bill

The minimum net monthly bill shall be the customer charge per month as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Gas Lights

For all gas light services, the charge for such services shall be based on actual usage through a metered source at this tariff rate. For all unmetered gas light services prior to August 17, 1990 the customer will be billed for twenty (20) Ccf per standard residential gas light. For all unmetered gas light service after August 17, 1990 the Company may estimate and determine the appropriate consumption of the light and charge the applicable rate under this rate schedule

Issued by:

Thomas R. Blose, Jr., President

Date Issued:

August 1, 1997

Issued Pursuant to Docket No. 96-01299

RESIDENTIAL GAS SERVICE

Schedule 210: All Service Areas (Continued)

Purchased Gas Cost Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Service Regulations

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, copies of which are available for public reference during business hours at each of the Company's offices.

Issued by: Thomas R. Blose, Jr., President

Date Issued: August 1, 1997

Issued Pursuant to Docket No. 96-01299

RESIDENTIAL AND SMALL COMMERCIAL/INDUSTRIAL HEATING AND COOLING SERVICE

Schedule 211: All Service Areas

Availability

This service is available within the Company service area to single private residences, including the separate private units of apartment houses and other multiple dwellings, actually used for residential purposes, which are separately metered and which utilize natural gas for heating and cooling the conditioned space. This schedule is also available within the Company's service area to commercial/industrial customers using less than 5,000 Ccf per year and which utilize natural gas for heating and cooling the conditioned space. Cooling equipment must have a COP greater than 0.7. Any additional gas measured through this single meter will be billed at this rate.

This service is intended to assist in the development of natural gas heating and cooling technologies. This rate is designed to significantly increase energy savings which will improve the economics of the technology. This service will cease when either of the following criteria has been met.

1) One hundred customers have qualified for this service

2) The service expires for new customers ten years after November 15, 1995.

Customers that have qualified for this service prior to the expiration date will continue to receive service under this rate schedule as long as natural gas is utilized for both heating and cooling.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area.

Customer Charge

A monthly customer charge of \$6.00 is payable regardless of the usage of gas.

Monthly

All consumption, per Ccf

\$.0996

Minimum Bill

The minimum net monthly bill shall be the customer charge per month as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Issued by:

Thomas R. Blose, Jr., President

Date Issued:

August 1, 1997

Issued Pursuant to Docket No. 96-01299

RESIDENTIAL AND SMALL COMMERCIAL/INDUSTRIAL HEATING AND COOLING SERVICE

Schedule 211: All Service Areas

Gas Lights

For all gas light services, the charge for such services shall be based on actual usage through a metered source at this tariff rate. For all unmetered gas light services prior to August 17, 1990 the customer will be billed for twenty (20) Ccf per standard residential gas light. For all unmetered gas light services after August 17, 1990 the Company may estimate and determine the appropriate consumption of the light and charge the applicable rate under this rate schedule.

Purchased Gas Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

SERVICE REGULATIONS

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, copies of which are available for public reference during business hours at each of the Company's offices.

Effective Date:

September 2, 1997

Issued by:

Thomas R. Blose, Jr., President

Date Issued: August 1, 1997

Issued Pursuant to Docket No. 96-01299

COMMERCIAL/INDUSTRIAL GAS SERVICE

Schedule 220: All Service Areas

vailability

This schedule is available within the Company's service area to commercial/industrial customers using less than 135,000 Ccf per year for any purpose at the option of the Company, to the extent gas is available. This schedule is not available to residences, apartment or federal housing projects.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or such higher delivery pressure as agreed upon by customer and Company.

Customer Charge

A monthly customer charge of \$12.00 is payable regardless of the usage of gas.

Monthly Rate

All Consumption, per Ccf \$.2625

Minimum Bill

The minimum net monthly bill shall be the customer charge per meter as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Gas Lights

For all metered gas light services under this tariff, the charge for such service shall be based on actual usage through a metered source at this tariff rate. It shall be within the Company's discretion whether a gas light should be metered, however if the gas light is unmetered, the Company may estimate and determine the appropriate consumption of the light and charge the applicable rate under this rate schedule.

Issued by:

Thomas R. Blose, Jr., President

Date Issued: August 1, 1997 Issued Pursuant to Docket No. 96-01299

Effective Date:

September 2, 1997

COMMERCIAL/INDUSTRIAL GAS SERVICE

Schedule 220: All Service Areas (Continued)

Purchased Gas Cost Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Service Regulations

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, copies of which are available for public reference during business hours at each of the Company's offices.

Issued by:

Thomas R. Blose, Jr., President

Date Issued:

August 1, 1997

Issued Pursuant to Docket No. 96-01299

EXPERIMENTAL SCHOOL GAS SERVICE

Schedule 221: All Service Areas

Availability

This service is available to existing or new state, county, city, and private educational institutions or universities eligible for accreditation by the Southern Association of Secondary Schools and Colleges utilizing natural gas through a single meter for primary heating and cooling of the conditioned space. Any additional gas measured through this single meter will be billed at this rate. Gas cooling equipment must have a coefficient of performance (COP) greater than 0.7.

This service is intended to assist in the development of the natural gas cooling market. This rate is designed to significantly increase energy savings which improves the economics of natural gas cooling. This service is experimental and will cease when any one of the following criteria has been met.

Ten (10) schools have qualified for this service.

250,000 Mcf per year of estimated gas consumption has qualified for this service. 2.

The experimental service expires on October 1, 2002. 3.

Schools that have qualified for this service prior to October 1, 2002 will continue to receive service under this rate schedule as long as natural gas is utilized for both heating and cooling.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or such higher delivery pressure as agreed upon by customer and Company.

Customer Charge

A monthly customer charge of \$25.00 is payable regardless of the usage of gas.

Monthly Rate

All Consumption, per Ccf \$.1000

Minimum Bill

The minimum net monthly bill shall be the customer charge per meter as described above.

Issued by:

Thomas R. Blose, Jr., President

Date Issued: Issued Pursuant to Docket No. 96-01299

August 1, 1997

EXPERIMENTAL SCHOOL GAS SERVICE

Schedule 221: All Service Areas (Continued)

Pavment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Purchased Gas Cost Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Service Regulations

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, copies of which are available for public reference during business hours at each of the Company's offices.

Issued by:

Thomas R. Blose, Jr., President

Date Issued:

August 1, 1997 Issued Pursuant to Docket No. 96-01299

PUBLIC HOUSING AUTHORITY GAS SERVICE

Schedule 225: All Service Areas

Availability

This service is available within the Company's service area to any customer in a housing project using gas primarily for domestic purposes and under the ownership and control of a public housing authority or other governmental agency, which are master metered.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area.

Customer Charge

A monthly customer charge of \$6.00 is payable regardless of the usage of gas.

Minimum Bill

The minimum net monthly bill shall be the customer charge as described above.

Monthly Rate

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Issued by:

Thomas R. Blose, Jr., President

Date Issued: August 1, 1997 Issued Pursuant to Docket No. 96-01299

PUBLIC HOUSING AUTHORITY GAS SERVICE

Schedule 225: All Service Areas (Continued)

Purchased Gas Cost Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Service Regulations

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, copies of which are available for public reference during business hours at each of the Company's offices.

Issued by:

Thomas R. Blose, Jr., President

Date Issued:

August 1, 1997

Issued Pursuant to Docket No. 96-01299

LARGE COMMERCIAL/INDUSTRIAL GAS SERVICE

Schedule 230: All Service Areas

Availability

This service is available within the Company's service area to any commercial/industrial customers using more than 135,000 Ccf per year for any purpose at the option of the Company, to the extent gas is available.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or at such higher delivery pressure as agreed upon by Customer and Company. Service under this rate schedule may be terminated by either party following twelve (12) months notice to the other party.

Customer Charge

A monthly customer charge of \$200.00 is payable regardless of the usage of gas.

Monthly Rate

All Consumption, per Ccf \$.2261

Minimum Bill

The minimum net monthly bill shall be the customer charge per meter as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Gas Lights

For all metered gas light services under this tariff, the charge for such service shall be based on actual usage through a metered source at this tariff rate. It shall be within the Company's discretion whether a gas light should be metered, however if the gas light is unmetered, the Company may estimate and determine the appropriate consumption of the light and charge the applicable rate under this rate schedule.

Issued by:

Thomas R. Blose, Jr., President

August 1, 1997

Issued Pursuant to Docket No. 96-01299

LARGE COMMERCIAL/INDUSTRIAL GAS SERVICE

Schedule 230: All Service Areas (Continued)

Purchased Gas Cost Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Service Regulations

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, copies of which are available for public reference during business hours at each of the Company's offices.

Issued by:

Thomas R. Blose, Jr., President

August 1, 1997 Issued Pursuant to Docket No. 96-01299

DEMAND/COMMODITY GAS SERVICE

Schedule 240: All Service Areas

Availability

This service is available within the Company's service area to any commercial/industrial customers using at least 270,000 Ccf per year for any purpose at the option of the Company, to the extent gas is available.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or at such higher delivery pressure as agreed upon by Customer and Company. Service under this rate schedule may be terminated by either party following twelve (12) months notice to the other party.

Customer Charge

A monthly Customer Charge of \$310.00 is payable regardless of the usage of gas.

Monthly Rate

Demand Charge

Per Unit of Billing Demand \$1.6293 per Ccf

Commodity Charge

First	20,000	Ccf Per Month	\$.0996
	480,000	Ccf Per Month	\$.0671
_	500,000	Ccf Per Month	\$.0329

Minimum Bill

The minimum net monthly bill shall be the Customer Charge per meter plus the Monthly Demand Charge as described above.

Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Issued by: Date Issued:

Thomas R. Blose, Jr., President

August 1, 1997 Issued Pursuant to Docket No. 96-01299

DEMAND/COMMODITY GAS SERVICE

Schedule 240: All Service Areas (Continued)

Billing Demand

The Billing Demand for the current month is effective October 1, 1992 and shall be redetermined effective November 1 of each successive year. The Billing Demand is the highest demand day in any of the previous billing months of November, December, January, February, and March.

Whenever a customer commences taking service under this Rate Schedule, the Billing Demand shall be 6% of monthly consumption in each month until redetermined as stated above.

Determination of Demand Day

The demand day shall be determined at the option of the Company by one of the following methods:

- 1. By measuring the maximum volume of gas taken by the Customer in any one day through the use of volume and pressure recording and measuring equipment installed by the Company.
- 2. When gas is delivered to a Customer through a positive displacement meter without the use of daily recording and measuring equipment, the maximum volume of gas taken in any one day during the billing month shall be 6% of the total volume of gas used by the customer during such billing month.

The Company retains the option of installing recording and measuring equipment to determine the maximum volume of gas taken in any one day on the meter of any customer purchasing gas service under this Rate Schedule.

Measurement Data Collection Equipment

New customers served under this Rate Schedule after October 1, 1992 shall be required to pay for the cost and installation of measurement data collection and verification equipment, including applicable income taxes. All customers shall also be required to pay the cost of installation, maintenance and any monthly usage charges associated with telephone, power or other utilities or energy sources required for the operation of the data collection and verification equipment, including applicable income taxes. All customers shall also be required to provide adequate space in new or existing facilities for the installation of the data collection equipment.

Gas Lights

For all metered gas light services under this tariff, the charge for such service shall be based on actual usage through a metered source at this tariff rate. It shall be within the Company's discretion whether a gas light should be metered, however if the gas light is unmetered, the Company may estimate and determine the appropriate consumption of the light and charge the applicable rate under this rate schedule.

Issued by: Date Issued: Thomas R. Blose, Jr., President

Effective Date:

September 2, 1997

T. R. A. No. 1

Original Sheet No. 18

DEMAND/COMMODITY GAS SERVICE

Schedule 240: All Service Areas (Continued)

Purchased Gas Cost Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Service Regulations

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, copies of which are available for public reference during business hours at each of the Company's offices.

Issued by: Date Issued: Thomas R. Blose, Jr., President

August 1, 1997

Issued Pursuant to Docket No. 96-01299

OPTIONAL GAS SERVICE

Schedule 250: All Service Areas

Availability

To any commercial or industrial customer using 270,000 Ccf or more per year, or 1,000 Ccf per day during off-peak periods, provided the Customer has and maintains adequate standby facilities and an alternate fuel supply in order that gas deliveries hereunder may be interrupted at any time.

Customers that will utilize natural gas during off-peak periods only do not need to meet this annual requirement for eligibility under this schedule. Examples of customers utilizing natural gas during off-peak periods only would include, but is not limited to the following: asphalt plants, electric generating facilities, grain drying facilities, and farm irrigation systems. The Company recommends an adequate standby facility and alternate fuel supply for off-peak customers served under this schedule. However, the Company requires an adequate standby facility and alternate fuel supply for all other customers served under this schedule.

Deliveries to such customers shall be subject to curtailment at any time. Deliveries to such customers shall be subject to curtailment in whole or in part upon one-half (1/2) hour's notice.

Character of Service

Natural gas, with a heating value of approximately 1,000 Btu per cubic foot, supplied through a single delivery point and a single meter, at the delivery pressure of the distribution system in the area, or such higher delivery pressure as agreed upon by customer and Company.

Customer Charge

A monthly customer charge of \$310.00 is payable regardless of the usage of gas.

Monthly Rate

First	20,000	Ccf used per month	\$.0996
Next	480,000	Ccf used per month	S.0671
Over	500,000	Ccf used per month	\$.0329

Minimum Bill

The minimum net monthly bill shall be \$310.00

Pavment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue

Issued by:

Thomas R. Blose, Jr., President

Date Issued:

August 1, 1997 Issued Pursuant to Docket No. 96-01299 Effective Date:

September 2, 1997

OPTIONAL GAS SERVICE

Schedule 250: All Service Areas (Continued)

Purchased Gas Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Curtailment Procedures

Notice of curtailment of service hereunder shall be given by the Company by telephone or otherwise not less than one-half (1/2) hour from time of curtailment. Upon receipt of such notice, the Customer shall immediately proceed to discontinue the use of service at the time and to the extent of the order. The Company shall notify the Customer by telephone or otherwise when service hereunder is to be restored and the Customer shall not resume service until such time as stated in the restoration notice.

Overrun Penalty

Volumes of gas taken at any time in excess of the amount stipulated by the Company in the curtailment notice as being available to Customer shall constitute overrun gas. A penalty of \$2.50 per Ccf of such overrun volumes shall be paid by Customer in addition to all over charges payable hereunder provided; however, Company has the right to waive any portion of the overrun penalty on a non-discriminatory basis for good cause.

Terms of Contract

Customer shall contract for service hereunder for a term of not less than one (1) year. Upon the expiration of any contract term, the contract shall be automatically renewed for a period of one (1) year. At any time following the first contract year, service may be terminated by either party following at least twelve (12) months notice to the other party.

Service Regulations

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, copies of which are available for public reference during business hours at each of the Company's offices.

Issued by:

Thomas R. Blose, Jr., President

August 1, 1997

Date Issued: Issued Pursuant to Docket No. 96-01299 Effective Date:

September 2, 1997

TRANSPORTATION SERVICE

Schedule 260: All Service Areas

A. Availability

This rate schedule provides for the transportation of gas received by the Company from the Connecting Pipeline Company for the Customer's account to that Customer's facilities. Service under this rate schedule is available to commercial and industrial customers using 270,000 Ccf or more per year. This rate schedule is offered as a companion to the customers existing sales rate schedule.

Definitions B.

For purposes hereof: -

- (i) "Connecting Pipeline Company" means a pipeline supplier to the Company whose facilities in the sole judgment of the Company can be utilized to transport gas to the Company for delivery by the Company to the Customer under this rate schedule.
- "Transportation Imbalance" occurs when more gas is received by the Company from (ii) the Connecting Pipeline Company for the Customer's account, less the unaccounted for gas adjustment, than is delivered to that customer's facilities for the month.
- "PGA Rider" means the Company's Purchased Gas Adjustment Rider, as amended and (iii) approved by the Tennessee Regulatory Authority from time to time.

Terms and Provisions of Service Under This Rate Schedule

Except as expressly modified by the provisions of this rate schedule, all of the terms, (i) provisions, and conditions of the rate schedule (as made effective by the Tennessee Regulatory Authority from time to time) applicable to Customer shall also apply to service by the Company to Customer under this rate schedule.

Issued by:

Thomas R. Blose, Jr., President

Date Issued: August 1, 1997 Issued Pursuant to Docket No. 96-01299

TRANSPORTATION SERVICE (Continued)

Schedule 260: All Service Areas

C. Terms and Provisions of Service Under This Rate Schedule (Continued)

- (ii) Customer shall notify Company in writing at least ten (10) working days in advance of each billing month of the volume of gas to be delivered into the Company's system for the account of the Customer during the billing month and the daily rate of delivery. The quantity of gas delivered into the Company's facilities for the account of the Customer shall be based on the transportation nomination for that month. Adjustments will be made if the Connecting Pipeline Company's reported volumes vary from the nominated volume. The Company shall enforce the balancing provisions of the respective upstream pipeline supplier.
- (iii) The Customer is responsible for making all arrangements for transporting the gas from its source of supply to the Company's interconnection with the Connecting Pipeline Company unless other arrangements have been made between the Customer and the Company.
- (iv) The Customer shall warrant that they have good and legal title to all gas which Customer causes to be delivered into the Company's facilities and Customer shall hold the Company harmless from any loss or claim in regard to the same.
- (v) The Company shall enforce the balancing provisions of the respective Connecting Pipeline Company which could result in monthly scheduling/balancing fees and/or penalties being assessed to the Customer. If the Customer consumes more gas than it has delivered to the Company, the Company will sell the difference in gas volumes to the Customer based on a price equal to the highest index price for the respective Connecting Pipeline Company for any week beginning in the calendar month as published in Natural Gas Week. If the Customer consumes less gas than it has delivered to the Company, the Company will buy the difference in gas volumes from the Customer based on a price equal to the lowest index price for the respective Connecting Pipeline Company for any week beginning in the calendar month as published in Natural Gas Week.
- (vi) If the respective Connecting Pipeline Company does not have balancing provisions, subsection (v) shall apply using the balancing provisions of the closest Connecting Pipeline Company.

Issued by: Thomas R. Blose, Jr., President Date Issued: August 1, 1997
Issued Pursuant to Docket No. 96-01299

TRANSPORTATION SERVICE (Continued)

Schedule 260: All Service Areas

C. Terms and Provisions of Service Under This Rate Schedule (Continued)

- (vii) The Company shall not be obligated to provide delivery service hereunder, whether for the purpose of delivering a previous transportation imbalance, or otherwise, during an hourly, daily, or monthly period in excess of the levels specified in the Firm Contract.
- (viii) A percentage adjustment for unaccounted for gas shall be made to the volumes of gas delivered into the Company's facilities for the Customer's account, and the volumes of gas deliverable to the Customer under this rate schedule shall be reduced by such percentage. Such percentage shall be equal to the percent that unaccounted-for gas bore to total sendout as recorded by the Company during its most recent 12 months ending June.
- (ix) The Company reserves the right to refuse to accept gas for the account of the Customer into Company's facilities if the same would reduce the volumes of the gas otherwise available to Company from the Connecting Pipeline Company.
- (x) If the rendition of service to Customer under this rate schedule causes the Company to incur additional charges from the Connecting Pipeline Company, Customer shall reimburse Company for all such charges.
- (xi) All volumes transported under the terms of this rate schedule shall be included in the Purchased Gas Adjustment computations and included in the sales volumes of the Purchased Gas Adjustment computations.
- (xii) Customers served under this Rate Schedule shall be required to pay for the cost and installation of measurement data collection and verification equipment, including applicable income taxes. Customers shall also be required to pay the cost of installation, maintenance and any monthly usage charges associated with telephone, power or other utilities or energy sources required for the operation of the data collection and verification equipment, including applicable income taxes. Customers shall also be required to provide adequate space in new or existing facilities for the installation of the data collection equipment.

Issued by: Thomas R. Blose, Jr., President August 1, 1997

Issued Pursuant to Docket No. 96-01299

TRANSPORTATION SERVICE (Continued)

Schedule 260: All Service Areas

Terms and Provisions of Service Under This Rate Schedule (Continued) C.

(xiii) Once a customer elects and has qualified for service under this rate schedule, all services will be provided under the terms and conditions of this rate schedule for a term of no less than 12 months. At any time following the first six months of service under this rate schedule, service may be terminated by either party following at least six months written notice to the other party.

D. Rate

Customer Charge.

A monthly customer charge of \$310.00 per meter is payable regardless of the usage of gas.

Monthly Demand Charge

Customers eligible to receive sales service under Rate Schedule 240 shall be billed the applicable Monthly Demand Charge.

Commodity Charge

The Customer shall be billed for the quantity of gas delivered under this rate schedule at the companion rate schedule less the Connecting Pipeline Company's commodity cost of gas, plus an adjusted Purchased Gas Adjustment factor, multiplied by the quantity of gas delivered under this rate schedule.

Minimum Bill

The minimum monthly bill shall be the Customer Charge plus the Monthly Demand Charge, if any, as described above.

Issued by:

Thomas R. Blose, Jr., President

Date Issued: August 1, 1997

Issued Pursuant to Docket No. 96-01299

ECONOMIC DEVELOPMENT GAS SERVICE

Schedule 280: All Service Areas

<u>Availability</u>

Service under this Schedule is available to customers engaged in the manufacturing process at discounted or incentive rates. To be eligible for service under this schedule certain conditions must be met by the customer. Existing customers served under another rate schedule to be eligible for service under this rate schedule must contract for sufficient natural gas demand to produce an increase in consumption of 135,000 Ccf annually. New customers served under this rate schedule to be eligible must contract for at least 270,000 Ccf annually.

This Schedule is intended to allow the Company to offer incentive or discount type rates designed to enhance the Company's system utilization while encouraging industrial development within the Company's service areas.

Special Terms and Conditions

A contract shall be executed by the customer for a minimum of 4 years. The contract shall specify the customer's natural gas requirements.

To receive service under this rate schedule, the customer's written application to the Company shall include sufficient information to permit the Company to determine the customer's

Qualifying consumption shall result from an increase in business activity and not merely from the resumption of normal operations following a period of abnormal operating conditions. If in the Company's opinion an abnormal operating period has occurred as a result of strike, equipment failure, or any other abnormal condition during the twelve (12) month period prior to the date of the application by the customer for service under this rate schedule, the Company shall adjust the customer's consumption to eliminate any abnormal condition. The Company through use of historical data shall determine "Base Load" for existing customers. Volumes and their associated Billing Demand used in excess of "Base Load" shall be considered "Qualifying Consumption" and eligible under this Schedule. Loads which are or have been served by the Company during all or part of the twelve (12) month period prior to service under this rate schedule, and which are relocated to another metering point within the Company's service area, shall not qualify for this rate schedule.

The existing facilities of the Company must be adequate in the judgment of the Company to supply the new or expanded natural gas requirements. If construction of new or expanded local facilities by the Company is required, the customer may be required to make a Contribution in Aid of Construction for the installed cost of such facilities. The Company will evaluate the customer's request for

Issued by:

Thomas R. Blose, Jr., President

Date Issued:

August 1, 1997 Issued Pursuant to Docket No. 96-01299

ECONOMIC DEVELOPMENT GAS SERVICE

Schedule 280: All Service Areas (continued)

service and determine the necessity of a contribution for construction of facilities based on the Extension of Service provisions of the General Terms and Conditions of the Company's filed tariff. The Company shall review the Customer's consumption each year to determine whether the Customer has fulfilled their projected usage requirement to remain eligible for service under

Customer Charge

A monthly customer charge equivalent to the otherwise applicable companion tariff per meter is payable regardless of the usage of gas.

Monthly Rate

The following adjustment factors will be applied to the "Qualifying Consumption" and based on the rate schedule which would apply to the Customer absent this rate schedule. The customer may elect to begin service under this schedule on the first month or thirteenth month of service

Billing Months

In Con	tract Year	Adjustment Factor
lst 13th 25th 37th After 48	Through 12th Through 24th Through 36th Through 48th Months	75.00% 75.00% 75.00% 75.00% 100.00%

Reporting Requirements

The Company shall file semiannual reports with the Tennessee Regulatory Authority within 30 days of the end of each six months. Reports shall include the following:

- Identity of the new customer by account number (1)
- **(2)** The value of the discount offered
- (3) The volume of gas sold to the customer in the preceding six months

No monthly report is required if the Company had no customers receiving a discount during the relevant period and had no customers which were evaluated for the discount and rejected during

Minimum Bill

The minimum monthly bill shall be the Customer Charge plus the Monthly Demand Charge, if

Issued by: Date Issued: Thomas R. Blose, Jr., President

August 1, 1997

Issued Pursuant to Docket No. 96-01299

Effective Date: September 2, 1997

T. R. A. No. 1

Original Sheet No. 27

ECONOMIC DEVELOPMENT GAS SERVICE

Schedule 280: All Service Areas (continued)

Pavment

Each monthly bill for service is due and payable on the date it is issued. A charge of 5% may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following the date of issue.

Purchased Gas Adjustment

Bills for service are subject to the cost of purchased gas in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Issued by:

Thomas R. Blose, Jr., President

Date Issued:

August 1, 1997 Issued Pursuant to Docket No. 96-01299 Effective Date: September 2, 1997

NEGOTIATED GAS SERVICE (Continued) RATE SCHEDULE 291: ALL SERVICE AREAS

Pavment

Each monthly bill for service is due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

Rate Schedule Subject to Change

The rates, terms, and conditions set forth in this rate schedule are subject to Company Rules and Regulations on file and approved by the Tennessee Regulatory Authority as provided by law.

Unauthorized Gas

In the event customer fails to discontinue the use of gas after one-half (1/2) hour notice that gas under this schedule is not available, all gas so used shall be paid for by the Customer at the rate charged the Company by the supplier for all such unauthorized gas in addition to all other charges payable under this rate schedule.

Issued by: Date Issued: Thomas R. Blose, Jr., President

August 1, 1997

Issued Pursuant to Docket No. 96-01299

COGENERATION, COMPRESSED NATURAL GAS, PRIME MOVERS, FUEL CELL SERVICE

Schedule 292: All Service Areas

<u>Purpose</u>

The purpose of providing service under this schedule is to increase utilization of system supplies and system capacity

Applicability

This schedule is available to the extent gas supply and delivery capacity is available to commercial and industrial customers, existing or new, for use as a single prime fuel source to generate electrical and thermal energy in order to optimize efficiency. This schedule is also available for compressed natural gas for automobile and truck fleets and fuel cell service.

Eligibility

Eligible customers shall include those who are currently connected to the Company's gas main or who will become newly connected. In either case, service will be provided, at the Company's option, through a separate meter.

Character of Service

Natural gas with a heating value of approximately 100,000 Btu per hundred cubic feet, supplied through a single delivery point meter, at the standard equipment utilization pressure, or at such higher delivery pressure as approved by Company.

Rate

Customer Charge

A monthly charge of \$25.00 for each customer regardless of the usage of gas.

Customer charge for adjacent connected load will not be duplicated, otherwise the facilities charge will be at the customer's regular schedule charge.

Monthly Charge

First	20,000	Ccf used per month	S .0996
Next	480,000	Ccf used per month	S .0671
Over	500,000	Ccf used per month	S .0329

Issued by:

Thomas R. Blose, Jr., President

Date Issued: August 1, 1997 Issued Pursuant to Docket No. 96-01299

Effective Date:

COGENERATION, COMPRESSED NATURAL GAS, PRIME MOVERS, FUEL CELL SERVICE (Continued)

Schedule 292: All Service Areas

Pavment

Each monthly bill for service is due when rendered at the rate shown above and shall be paid in full at any office of the Company within ten (10) days from the date mailed or otherwise delivered.

Contract

Customers shall contract for service hereunder for a term of not less than one (1) year. Upon the expiration of any contract term, the contract shall be automatically renewed for a period of one (1) year. At any time following the first contract year, service may be terminated by either party following at least six (6) months written notice to the other party.

Purchased Gas Adjustment

Bills for service are subject to the cost of purchased price in accordance with the Purchased Gas Adjustment (PGA) Rider approved by the Tennessee Regulatory Authority.

Service Regulations

Gas service at these schedules will be furnished in accordance with the Company's General Rules and Regulations, approved by the Tennessee Regulatory Authority, copies which are available for public inspection during regular business hours at each of the Company's offices.

Issued by:

Thomas R. Blose, Jr., President

Date Issued: Aus

August 1, 1997

Issued Pursuant to Docket No. 96-01299

T. R. A	. NO.	1
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UNITED CITIES GAS COMPANY Name of Company

12th Revised Sheet No. 49-1 2nd Sub 11th Revised

Cancelling

Sheet No. 49.1

Applies to ____Franklin and Murfreesboro Tennessee Name of City

	ALL.		
	Service		
RATE SCHEDULE 210 - RESIDENT	BASE RATE	PURCHASED GAS ADJUSTMENT	TOTAL RATE
Customer Change	\$6.00 eptember) \$0.2257 - April) \$0.2657 \$6.00	\$0.3980 \$0.3980	\$6.00 \$0.6237 \$0.6637 \$6.00
Customer Charge All Consumption Minimum Bill RATE SCHEDULE 220 - COMMERCIA	\$6.00 \$0.0996 \$6.00	\$0.2950	\$6.00 \$0.3946 \$6.00
Customer Charge All Consumption Minimum Bill RATE SCHEDULE 221 - EXPERIMENT	\$12.00 \$0.2625 \$12.00 TAL SCHOOL RATE	\$0.3980	\$12.00 \$0.6605 \$12.00
Customer Charge All Consumption Minimum Bill RATE SCHEDULE 225 - PUBLIC HOU	\$25.00 \$0.1000 \$25.00 USING	\$0.2680	\$25.00 \$0.3680 \$25.00
Customer Charge All Consumption (May - Sep All Consumption (October - Minimum Bill RATE SCHEDULE 230 - LARGE COMM	\$6.00 Tember) \$0.2257 April) \$0.2657 \$6.00	\$0.3980 \$0.3980 M	\$6.00 \$0.6237 \$0.6637 \$6.00
Customer Charge All Consumption	\$200.00 \$0.2261	\$0.3980	\$200.00 \$0.6241

Issued:_	June 3	, 1997				F.W.			
•	Month	Day	Year			Effective:	July	1, 1997	
Issued by		,		President			Month	Day	Year
		Name of (Officer	Way, Brentwood,	TN 37027	Title			
			4 11						

Address of Officer

UNITED CITIES GAS COMPANY

Name of Company

12th Revised Sheet No. 49.2

2nd Sub 11th

Cancelling Revised Sheet No. 49.2

Applies to ____Franklin and Murfreesboro _Tennessee Name of City

	ALL'		
	Service		
PATE SCUENTE AND	BASE RATE	PURCHASED GAS ADJUSTMENT	TOTAL RATE
PATE SCHEDULE 240 - DEMAND/COMMODITY	<i>(</i> -		
Customer Charge Demand Charge (per Ccf of Contract Demand)	\$310.00		\$310.00
Consumption First 20 000 Cos	\$1.6293	, = , = , = ,	\$3.0151
Over 500,000 Ccf Minimum Bill RATE SCHEDULE 250 - OPTIONAL SERVICES	prus ou prus	\$0.2660 \$0.2660 \$0.2660 the Demand Charge	\$0.3656 \$0.3331 \$0.2989 \$310.00
Customer Charge Consumption First 20,000 Ccf	\$310.00		\$310.00
Next 480,000 Ccf Over 500,000 Ccf Minimum Bill	\$0.0996 \$0.0671 \$0.0329 \$310.00	\$0.2680 \$0.2680 \$0.2680	\$0.3676 \$0.3351 \$0.3009
RATE SCHEDULE 260 - TRANSPORTATION			\$310.00
	\$310.00		6310.00
Contract Demand, if applicable)	\$1.6293 (Margin of No.	\$1 30E0	\$310.00 \$3.0151
Minimum Bill		rmal Rate Schedule, pl adjusted PGA factor) the Demand Charge	
ATE SCHEDULE 280 - ECONOMIC DEVELOPM	ENT	charge	\$310.00
Customer Cl			
Customer Charge Demand Charge (per Ccf of	(Equivalent to	the companion tariff	:)
Contract Demand, if applicable) Consumption	(A percentage	\$1.3858 of the Margin of Norm	\$3.0151
		the companion as iss	

Issued: June 3, 1997 Month Day Year	Effective:	July 1,	1997	
Issued by: Gene C. Koonce, President		Month	Day	Year
Name of Officer 5300 Maryland Way, Brentwood, TN 37027	Title			

UNITED CITIES GAS COMPANY

Name of Company

12th Revised Sheet No. 49.3 2nd Sub 11th

Cancelling Revised Sheet No.

Applies to Franklin and Murfreesboro Tennessee Name of City

ALL. Service PURCHASED BASE GAS TOTAL RATE ADJUSTMENT RATE RATE SCHEDULE 291 - NEGOTIATED Customer Charge (Equivalent to the companion tariff) Demand Charge (per Ccf of Contract Demand, if applicable) \$1.6293 Consumption \$1.3858 \$3.0151 Negotiated Maximum Rate Normally Applicable Rate Schedule Commodity Cost plus \$.01 per Ccf (Equivalent to the companion tariff plus Minimum Rate Minimum Bill the demand charge) RATE SCHEDULE 292 - COGENERATION, CNG, AND FUEL CELL -----Customer Charge Consumption
First 20,000 Ccf
Next 480,000 Ccf
Over 500,000 Ccf
Minimum Bill \$25.00 \$25.00 \$0.0996 \$0.2680 \$0.3676 \$0.0671 \$0.2680 \$0.3351 \$0.0329 \$0.2680 \$0.3009 \$25.00 \$25.00 RATE SCHEDULE 293 - LARGE TONNAGE AIR CONDITIONING -----Customer Charge \$25.00 Consumption \$25.00 First 20,000 Ccf \$0.0996 \$0.2680 \$0.2680 Next 480,000 Ccf Over 500,000 Ccf Minimum Bill \$0.3676 \$0.0671 \$0.3351 \$0.3009 \$0.0329 \$0.2680 \$25.00 \$25.00

Issued: June 3, 1997	Effective:	July 1,	1007	·
Month Day Year Issued by: Gene C. Koonce, President	Effective:	Month	Day	Year
Name of Officer 5300 Maryland Way, Brentwood, TN 37027	Title			-

WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER

Provisions for Adjustment

The base rate per therm/Ccf (100,000 Btu) for gas service set forth in any Rate Schedules utilized by the Tennessee Regulatory Authority in determining normalized test period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all residential and commercial bills based on meters read during the revenue months of November through April.

Definitions

For purpose of this Rider:

"Regulatory Authority" means the Tennessee Regulatory Authority

"Relevant Rate Order" means the final order of the Regulatory Authority in the most recent litigated rate case of the Company fixing the rates of the Company or the most recent final order of the Regulatory Authority specifically prescribing or fixing the factors and procedures to be used in the application of this Rider.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment shall be computed to the nearest one-hundredth cent per therm/Ccf by the following formula:

	WNA,	=	R_{i}	(HSF,	(ND)	D-ADD))	
Where	:			(BL,	+	(HSF _{, x}	ADD)	
	i	=	any partic particular classificat	ular Rate Sch Rate Schedu	nedule or le that co	billing class ntains more	ification with than one bil	nin any such ling
WNA,	i ,	=	Weather I classificati	Normalization on expressed	Adjustm in cents	nent Factor f per therm/C	or the i th rate	e schedule or
R,		=	weighted a schedule o Authority	average base or classification in the Releva I test year rev	rate of te on utilized nt Rate (mperature s	ensitive sale	•

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WEATHER NORMALIZATION ADJUSTMENT (WNA) RIDER (Continued)

HSF,		heat sensitive factor for the ith schedule or classification utilized by the Regulatory Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues
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NDD = normal billing cycle heating degree days utilized by the Regulatory Authority in the Relevant Rate Order for the purpose of determining normalized test year revenues

ADD = actual billing cycle heating degree days

BL; = base load sales for the ith schedule or classification utilized by the Regulatory
Authority in the Relevant Rate Order for the purpose of determining normalized
test year revenues

Filing with Regulatory Authority

The Company will file as directed by the Regulatory Authority (a) a copy of each computation of the Weather Normalization Adjustment, (b) a schedule showing the effective date of each such Weather Normalization Adjustment, and (c) a schedule showing the factors or values derived from the Relevant Rate Order used in calculating such Weather Normalization Adjustment.

Heat Use/Base Use Factors

	Residential Base use	Heat use	Commercial	••
Town	<u>Ccf</u>	Ccf/HDD	Base use <u>Ccf</u>	Heat use Ccf/HDD
Union City	13.906292	.156369	124.595029	.453633
Columbia Shelbyville Franklin Murfreesboro	13.035323	.173948	99.021858	.624513
Maryville Morristown	13.886330	.153366	111.454966	.658649
Johnson City Elizabethton Kingsport Greeneville Bristol	10.696903	.162066	169,773651	.611201

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GENERAL RULES AND REGULATIONS

1. **Definitions**

Except where the context indicates a different meaning or intent, the following terms, when used herein or in the Company's rate schedules incorporating these General Rules and Regulations, shall have the meanings defined below:

- 1.1 "Company" United Cities Gas Company, a Division of Atmos Energy Corporation.
- 1.2 "Customer" Any individual, partnership, association, firm, public or private corporation or government agency or institution receiving Company's service at any specific location.
- 1.3 "Gas Service" The availability of natural gas at the Company's point of delivery to Customer irrespective of whether any such gas is actually used.
- 1.4 "Point of Delivery" The point of connection between Company and Customer of which the gas supplied leaves the outlet side of Company's meter and enters Customer's facilities.
- 1.5 "Cubic Foot of Gas" The gas necessary to fill one cubic foot of space at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.65 pounds per square inch.
- 1.6 "Mcf", "Ccf", "Therm", and "Dekatherm" "Mcf" is 1,000 cubic feet of gas; "Ccf" is 100 cubic feet of gas; as used herein "Therm" means a volume of gas containing a quantity of heat equal to 100,000 Btu; Dekatherm means a volume of gas containing a quantity of heat equal to 1,000,000 Btu.
- 1.7 "Prompt Payment" Payment of a bill for gas service within fifteen (15) days following its date of issue.
- 1.8 "Regulatory Authority" Tennessee Regulatory Authority

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2. <u>Customer Facilities and Responsibility</u>

- 2.1 The Customer shall install and maintain gas piping and appliance in the condition required by the insurance and governmental authorities having jurisdiction and in a manner approved by the Company. The Customer shall so use the equipment as not to disturb the Company's service to other Customers.
- The Company will supply the Customer with gas through meters owned by the Company. The Customer shall provide a suitable place for the meter satisfactory to the Company. Meters shall be located as close to the service entrance as practical. The Customer shall see that said meters are protected from damage or accident and will not permit any person other than the agent of the Company, or a person lawfully authorized to do so, to remove, inspect, or tamper with same.
- 2.3 The Company shall have the opportunity to charge a customer for meter modifications should the modification arise as a result in an increase or reduction in the customer's load or its operating characteristics.
- 2.4 The meter, meter connections, shut-off valve, service regulator, any required vents or relief valves and the service piping from the main to the meter, and any extension thereof, shall belong to the Company and be subject to removal only by the Company regardless of whether any charges for service piping were made to the Customer.
- 2.5 The Company's authorized agent shall have access to the Customer's premises at all reasonable hours to inspect, read, repair or remove its meters and other property and to inspect the appliances installed on Customer's premises.
- In the event of the escape of gas, Customer should shut off all gas at the meter, take reasonable precaution to prevent ignition of escaping gas, and shall immediately notify the Company.
- 2.7 The Company shall not be liable for any loss, cost, damage, or expense to any parties, resulting from the use or presence of gas or gas appliances upon the Customer's premises.
- 2.8 The Customer shall not construct buildings over a gas service line and/or enclose gas metering equipment. In the event a Customer builds over the gas service line and/or encloses the gas meter, the cost of relocation will be paid by the Customer.

Ssued by: Thomas R. Blose, Jr., President Effective Date: September 2, 1997

3. Customer Credit and Deposits

Establishment of Credit

(a) Present Customers

If any present Customer has been delinquent in the payment of any two consecutive bills, or has been delinquent three or more times within the preceding twelve months, or if the Company has reason to believe that a Customer is a questionable credit risk, such Customer may be required to make a cash deposit or comparable arrangement in order to establish credit, as provided in Section 1220-4-5.14 of the Tennessee Regulatory Authority's Rules, regulations and Statutes governing Public Utilities. Copies of said Rules, Regulations and Statutes are available for inspection at Company's office during business hours. A Customer who has not paid a bill for service by the close of the first business day after fifteen (15) days following the date the bill is issued will be considered delinquent.

Payment by the Customer of delinquent bills will not of itself relieve the Customer from the obligation of establishing credit with respect to the account involved or with respect to any other account for service of the same class which Company may be providing to such Customer.

(b) Applicants for Service

Before service is rendered, every applicant for initial or additional service, in addition to complying with all other applicable service regulations, may be required to establish credit. The applicant shall be notified promptly of this requirement to prevent any undue delay in the furnishing of service.

Service may be denied as long as the applicant owes the Company for service of the same class (residential or business) previously furnished at the same or another location. Any applicant who has not established credit, as provided in this service regulation, may be required, before service is established, to (1) pay the service connection charge, if any: (2) make an advance payment

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August 1, 1997

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GENERAL RULES AND REGULATIONS (Continued)

in an amount equal to an estimated periodic bill. An advance payment shall not relieve the applicant of the responsibility subsequently to fully establish credit.

- 3.2 Any Customer or applicant for service may establish credit by compliance with either of the following conditions:
 - (a) By furnishing credit references or information, which the Company, after prudent investigation, determines to be satisfactory for extending credit.
 - (b) By making a cash deposit or other comparable arrangement in accordance with the requirements of Section 3.3 of this service regulation.

3.3 Amount of Cash Deposit

- (a) The amount of the cash deposit or other comparable arrangement which may be required of a Customer or applicant for the purpose of establishing credit in accordance with this service regulation, shall not exceed the estimated bill for the class of service involved for two consecutive billing periods or as may be reasonably required by the Company in cases involving service for short periods or special occasions. The determination of a present Customer's estimated bill (as distinguished from an applicant's) will be based upon prior or current use of the class of service involved.
- (b) The amount of cash deposit or other comparable arrangement may be adjusted on the basis set forth in this section at the option of the Customer or the Company at any time when the character or degree of the Customer's use of the service has materially changed, or is expected to change.

3.4 Conditions Under Which Deposits Are to be Applied or Refunded

Residential Customer Deposits

Each month the Company shall review its deposit accounts and shall refund, or credit to existing bills, deposits completely with accrued interest to Customer's whose deposits have been held for two (2) years unless the Customer's payment record indicated: (1) two consecutive 30-day arrears; or (2) three or more non-consecutive 30-day arrears; or (3) one or more disconnections for non-payment or fraudulent use during the 24 month period.

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Thomas R. Blose, Jr., President

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Issued Pursuant to Docket No. 96-01299

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GENERAL RULES AND REGULATIONS (Continued)

The Company shall promptly refund or credit the deposit, with interest as provided in this service regulation, and may require the surrender of the Customer's receipt of certificate of deposit properly endorsed, or the delivery of a cancellation receipt for such deposit, whenever:

- The Customer establishes credit by other means; or
- The service is discontinued and the bills therefore are paid in full; or
- The service is discontinued and there are charges due (including construction charges related to main extensions) to the Company for service to the Customer, in which case the cash deposit plus any accrued interest will be applied to the payment of such charges, and the balance remaining of the deposit and interest, if any, will be returned to the Customer. When the deposit is applied to the liquidation of unpaid bills, the Company will mail or deliver to the Customer a statement showing the amount of the original deposit, including accrued interest if any, the amount of the unpaid bills liquidated by the deposit; and the balance remaining due either to the Customer or to the Company.

In either case and in any event, if there is a balance due the Customer when service is discontinued, it shall then be promptly and automatically refunded to the Customer

Commercial/Industrial Customer Deposits

Commercial and Industrial Customer deposits and applicable interest, less any amounts owing the Company by the Customer, will be refunded by the Company when the customer's account is closed.

3.5 Interest to be Accrued on Deposits

Simple interest at the rate of six percent (6%) per annum will be paid by the Company on all deposits made for the purpose of establishing credit; but in no case will interest be accrued for a period extending beyond the date of refund or the date service is terminated, whichever date is earlier. No interest will be paid on deposits held for a period of less than six (6) months.

3.6 Payment of Interest Accruals

Interest accruing on cash deposits will be computed and prompt settlement made:

By paying the amount of interest accrued on the demand of the Customer, but (a) not more often than once in any 12 month period; or

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By adding the amount of interest accrued to the deposit, upon the return of such (b) deposit to the Customer or upon its application to the liquidation of unpaid charges as provided in this service regulation.

Issuance of Receipt or Certificate of Deposit 3.7

At the time the Company receives a cash deposit from a Customer in accordance with this service regulation, it will issue, and deliver to such Customer, a receipt or certificate of deposit showing thereon (1) the date thereof, (2) the name of the Customer, (3) the address of the premises served or to be served, and (4) the amount of the deposit.

4. Billing

- 4.1 Bills will be rendered at intervals of approximately 30 days, according to billing cycles established at the Company's discretion. If the Customer's meter fails to register or a reading of such meter cannot be obtained, a bill will be rendered based upon a reasonable estimate of the gas consumed by the Customer.
- Bills for service furnished to the Customer by the Company are due and payable on the 4.2 date rendered. If a bill is not paid within the maximum period prescribed by the rate schedule, it shall be considered delinquent and the additional charge authorized by the rate schedule shall become payable.
- The Company will not render an estimated bill to a Customer except for good cause 4.3 where the meter could not be read or was improperly registering.

Under ordinary circumstances, no more than one estimated bill shall be rendered during any sixty (60) day period, provided that reasonable access to the meter shall have been granted by the Customer and provided further that in the absence of such reasonable access the Company shall have the right to discontinue service for the Customer as outlined in Regulation No. 5.

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United Cities Gas Company's Budget Bill program is designed to allow a customer to 4.4 spread out his gas bill payments over a one year period. It is especially helpful to customers who have difficulty paying high cold weather bills or those on a fixed income.

The budget year runs from June of the current year to May of the next year. May is the settle-up month for the program. During the settle-up month, current budget customers are mailed a settle-up notice as each cycle is billed. Customers with a debit balance at this time must pay their balance to continue on the program for the next year. Customers with a credit balance may either have the credit applied to their new budget year or request a refund check.

The following is the formula used to calculate a customer's budget bill amount:

CCF Previous Twelve Months Actual Consumption x Rate Estimated Rate (1) Per Ccf Based on Normal Weather (2)

Total Annual Consumption Charge x 110% Buffer

Total Projected Annual Gas Cost Ш Number of months in program

Total Monthly Budget Payment Rounded To Nearest Dollar

Each customer's account will be monitored and if necessary their monthly payment will be adjusted higher or lower based upon their current balance, the actual weather incurred, and the number of months remaining. If a customer's budget balance exceeds two times their monthly budget payment, they will automatically be canceled from the budget bill program. Their actual balance will become due at that time. Once canceled from the budget bill program, the customer can pay all past due monthly budget bill payments to bring their status to current. This will allow the customer to be reinstated in the program.

- Estimated rate is the average annual rate obtained by using the average rate in (1)effect during the previous period of November-March times the consumption during that period and the average rate in effect during the previous period April-October times the consumption during that period.
- Normal weather consists of the average heating degree days calculated by the (2) National Oceanic and Atmospheric administrator over a thirty year period as recorded at the weather station in closest proximity to the applicable service area.

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Total Projected Annual Gas Cost

/ 11 Number of months in program

Total Monthly Budget Payment Rounded To Nearest Dollar

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- (1) Estimated rate is the average annual rate obtained by using the average rate in effect during the previous period of November-March times the consumption during that period and the average rate in effect during the previous period April-October times the consumption during that period.
- (2) Normal weather consists of the average heating degree days calculated by the National Oceanic and Atmospheric Administrator over a thirty year period as recorded at the weather station in closest proximity to the applicable service area.

5. <u>Discontinuance and Restoration of Service</u>

- 5.1 The Company may discontinue or refuse to establish or restore gas service for any of the reasons listed below. However, service shall not be discontinued unless a reasonable prior preceding a day or days on which the Company is not open for business and available to reconnect the discontinued service as provided herein.
 - (a) Without notice in the event of a condition determined by the Company to be hazardous.
 - (b) Without notice in the event of Customer's use of equipment in such as manner as to adversely affect the Company's equipment or its service to others.
 - (c) Without notice if there is evidence of tampering with the equipment furnished and owned by the Company.
 - (d) Without notice if there is evidence of unauthorized use.
 - (e) For violation of and/or non-compliance with the Company's rules on file with and approved by the Tennessee Regulatory Authority.
 - (f) For failure of the Customer to fulfill this obligations for service and/or facilities subject to regulations by the Tennessee Regulatory Authority.
 - (g) For failure of the Customer to permit the Company reasonable access to its equipment.
 - (h) For non-payment of delinquent account.
 - (i) For failure of the Customer to provide the Company with a deposit.

5.2 <u>Discontinuance at Customer's Request</u>

When a Customer desires to terminate gas service, such Customer shall notify the Company not less than three (3) days in advance, or such period in advance as is specified in the Customer's contract, and state the date on which such Customer wishes

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GENERAL RULES AND REGULATIONS (Continued)

service to be terminated. A Customer may be held responsible for all gas service furnished at the premises until the date of termination specified in the notice, or a date three (3) days beyond the date of such notice, or such greater number of days after notice as are specified in a contract, whichever date is later. Restoration of service following temporary termination of service at Customer's request will be made upon payment by Customer of a reconnection charge as provided herein.

Restoration of Service; Reconnection Charge; Returned Check Charge 5.3

Service which is discontinued by the Company for Customer's nonpayment of bills, failure to comply with applicable service regulations, or at Customer's request may be restored upon payment by Customer of all indebtedness for gas service and a reconnection charge which shall be \$35.00 for reconnection during regular office hours. When the Customer pays by check is returned to the Company marked NSF (Not Sufficient Funds) the Customer will be assessed a charge of \$20.00.

5.4 Limitations on Discontinuance

Gas service to any Customer will not be terminated without reasonable prior notice and the Customer being given reasonable opportunity to dispute the reasons for such termination.

- Prior reasonable notice will be sent to a Customer informing of the date of any (a) proposed termination of service unless such Customer takes appropriate action. The date of the proposed termination shall be at least seven (7) days after the Company sends the notice by first class mail.
- (b) The Company shall postpone the physical termination of gas service to a residential Customer for a period of thirty (30) days in the event a physician, public health officer, or social service official certifies in writing that discontinuation of service will aggravate an existing medical emergency of the Customer or other permanent resident of the premises where service is rendered. The Company shall refer the Customer or other permanent resident of the premises to social service agencies for investigation, confirmation of need and guarantee of payment. The Company shall supply

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Customers with names of agencies providing assistance.

- (c) Each Customer shall be given the option to designate a third party who will receive a duplicate of any termination notice sent by the Company.
- (d) The Company shall provide all Customers annually and all new Customers when they initiate service, a copy of its termination and reinstatement policies including procedures of complaints and disputes together with the alternative of appeal to the Tennessee Regulatory Authority and its representatives who are available to handle complaints and inquiries. Customers will be notified they do not have to pay that portion of a bill which is in dispute while the dispute process is underway.

6. Test of Metering Equipment at Customer's Request

Upon receipt of written request from the Customer to do so, the Company will make a test as to the accuracy of the metering equipment, subject to the following conditions:

- (a) If requested, tests will be made in the presence of the Customer according to methods prescribed by the Tennessee Regulatory Authority, and witnessed by a representative of that Regulatory Authority.
- (b) If on test the meter is within two percent (2%) of accurate, then the cost of \$75.00 the test shall be paid by the Customer. If on test the meter is inaccurate by more than two percent (2%) then the test shall be without cost to the Customer.
- (c) If a meter so tested is found to be more than two percent (2%) in error, either fast or slow, Company shall recompute Customer's monthly bills by using the corrected volumes of gas delivered for the period that meter was in error, but for not more than six months. The appropriate adjustment, either credit or debit, shall be made in Customer's account based on such corrected volumes.

6.1 Responsibility for consumption; security of facilities

(a) Loss of gas leakage from Customer's installation shall be considered to be consumption by the Customer.

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- In the event of stoppage or failure of any meter to register properly, (b) Customer will be billed for such period on an estimated consumption based upon his use of gas in a similar period of like use or on the basis of check meter readings, if available and accurate, but such adjustment shall not be made for more than six months.
- In the event of tampering or unauthorized use of Company's facilities, the (c) probable gas consumption shall be estimated by Company and billed to Customer. If the duration of such tampering or unauthorized use is not known, it shall be conclusively presumed to be since the commencement of Customer's service but for a period of not more than six months.
- All property of Company installed in or upon premises of, or occupied by (d) Customer is under Customer's protection. All reasonable care shall be exercised by Customer to prevent loss of or damage to such property, ordinary wear and tear excepted. Customer will be liable for any loss of property or damage thereto and shall pay to Company the cost of appropriate repairs or replacements for such loss or damage to property.

7. Extension and Installation of Company Facilities

This Company will, upon written application, extend its gas mains to serve bona fide applicants of a permanent and established character in accordance with the provisions of this Service Regulation. Gas main extensions shall be made only along public streets, roads or highways and upon private property across which satisfactory rights of way or easements have been provided without cost to the Company. All gas mains constructed pursuant to this service regulations shall be owned, operated, and maintained by the Company.

7.1 Free Extension Allowance

Any extension from existing mains to the point of connection with Customer's service line, whether on public property or on private property, is considered to be an extension of a main. Any extension, from existing mains or from an extension of a main as defined above, to Customer's property for service to Customer shall be considered a part of the service line to service such Customer.

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Thomas R. Blose, Jr., President

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GENERAL RULES AND REGULATIONS (Continued)

Gas mains will be extended by the Company to supply new Customers, without additional charge for any extension, provided the length of such extension does not exceed the length calculated using the following formula:

I. Residential Customers:

a. Free length = one (1) foot per Mcf of estimated total annual gas consumption.

This free length formula is based upon extension of a 2 inch polyethylene main. If Customer(s)' load requires a larger and/or steel main, Customer(s) will be required to deposit the difference between the estimated cost of the main required to service Customer(s) and the estimated cost of the free extension calculated by this formula.

b. Commercial and Industrial Customers:

- For each customer whose annual consumption is estimated by the Company to be 500 Mcf or less, the free length shall be computed in accordance with paragraph (a) of the section.
- 2. For each customer whose annual consumption is estimated by the Company to be over 500 Mcf, the free length, if any, will be determined on an individual feasibility basis considering the required investment, character, and economic life of the load, and other appropriate information.

c. General

- No free length allowance will be made for usage for temporary, standby, auxiliary, or emergency use only.
- 2. The Company is under no obligation to provide a free length allowance under the optional rate schedules.

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7.2 Extensions Beyond the Free Limit - Residential and Commercial

- Upon completion of a "Contract for Extension of Distribution Main Beyond Free Length", the Company will extend its mains to a Customer beyond the Free Length provided the Customer deposits a construction charge with the Company sufficient to cover the construction expense for service to the Customer in excess of the free length of 2 inch polyethylene main.
- The Company has discretion to waive payment for excess cost over free allowance when, in Company's opinion, such payment would, within a reasonable period of time, be fully refundable. Exceptions to this rule may also be made by the Company when system improvements are realized by the extension or when the extension would enhance the opportunity of adding new customers in the future.
- As additional Customers are served through a service line connected directly to the specifically involved main extension within five (5) years of its completion date, the original Customer(s) shall be refunded an amount determined as follows:
 - The contract with the original Customer(s) shall set forth the estimated cost a. per foot for a normal 2 inch polyethylene main extension.
 - b. The Company will estimate the annual gas consumption (Mcf) of each new Customer added to the main extension.
 - The refund shall be determined by the following formula: C.
 - the estimated cost per foot from (a) times the estimated annual Refund = gas consumption (Mcf) for the new Customer.
 - d. The refund to the original Customer(s) shall not exceed the amount of the original construction charge deposited with the Company.
 - No interest shall be paid on the construction charge deposit. e.
 - £. The refund(s) due, if any, to the original Customer(s) will be calculated and paid on June 1st of every year. Refunds will not be made any other time.

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- If the Company has allowed the Customer to pay the construction charge over a period of time in accordance with Section 7.2(4), all refunds attributable to the connecting of new Customers to the specifically involved main extension will be credited to any outstanding balance owed for the construction charge.
- 4. Individual residential customers may elect to spread the payment of the construction charge for footage beyond the Free Limit up to, but not to exceed, a three year period at no interest provided that the Customer shall enter into a "Contract for Extension of Distribution Main Beyond Free Length" and also subject to the following conditions:
 - The Company shall approve the Customer's credit prior to the signing of the "Contract for Extension of Distribution Main Beyond Free Length".
 - b. Default by the Customer under the terms of the "Contract for Extension of Distribution Main Beyond Free Length" may result in discontinuance of service as per the current provisions of Section 5 of these General Rules and Regulations.
 - c. If a Customer cancels service prior to payment of the total construction charge for footage beyond the Free Limit, the unpaid balance shall become due and payable immediately. The Company may use any deposit or credit owed to the Customer to offset the balance due under the "Contract for Extension of Distribution Main Beyond Free Length".
 - d. Refunds due the Customer under section 7.2 (3) shall be credited to the outstanding loan balance
 - e. In no case will the Company build without cost to the applicant more service line than is necessary to reach the acceptable meter location by the most economical route, even though any additional line would still come within the free allowance.

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August 1, 1997 Issued Pursuant to Docket No. 96-01299

Effective Date: September 2, 1997

- 5. In addition to all other of these Service Regulations the following shall also apply to Mobile Home Parks:
 - a. For the purpose of these regulations, a Mobile Home Park is defined as any tract or parcel of land used primarily to provide sites for the parking and occupancy of Mobile Homes. A Mobile Home is defined as a portable structure built so as to be readily transportable from one location to another, and which is usable as a dwelling for one or more persons, herein referred to as Mobile Home Occupants. Any person, firm or corporation who operates a Mobile Home Park as a commercial venture shall be referred to as a Mobile Home Park Owner.
 - Any Mobile Home Park Owner desiring gas service within b. a Mobile Home Park shall enter into a contract with the Company for a minimum period of five (5) years for service from Company's distribution mains to a specified number of Mobile Home sites. Mobile Home Park Owner agrees to pay the Company each month, commencing with a date specified in the contract and each month thereafter for the term of the contract, an amount specified as the customer charge under the provisions of Company's Residential Rate Schedule 210, as filed with the Tennessee Public Service Commission, for 70% of the number of specified Mobile Home sites less the number of sites occupied by Mobile Home Occupants who were customers of, and who were billed for gas service by, the Company during such month.
 - C. After execution of a contract for gas service to a Mobile Home Park, the Company will construct the required extension of distribution facilities to serve the number of sites specified in the contract provided that the total free length allowance for mains and services shall be calculated as per the provisions of Paragraph No. 7. For mains and services exceeding the free length allowance the Mobile Home Park Owner will be required to deposit a Refundable Advance as per the provisions of Paragraph No. 7.

Issued by: Gene C. Koonce, President Date Issued: October 1, 1992

GENERAL RULES AND REGULATIONS (Continued)

- In addition to all other of these Service Regulations the following shall also apply to Mobile Home Parks:
 - a. For the purpose of these regulations, a Mobile Home Park is defined as any tract or parcel of land used primarily to provide sites for the parking and occupancy of Mobile Homes. A Mobile Home is defined as a portable structure built so as to be readily transportable from one location to another, and which is usable as a dwelling for one or more persons, herein referred to as Mobile Home Occupants. Any person, firm or corporation who operates a Mobile Home Park as a commercial venture shall be referred to as a Mobile Home Park Owner.
 - b. Any Mobile Home Park Owner desiring gas service within a Mobile Home Park shall enter into a contract with the Company for a minimum period of five (5) years for service from Company's distribution mains to a specified number of Mobile Home sites. Mobile Home Park Owner agrees to pay the Company each month, commencing with a date specified in the contract and each month thereafter for the term of the contract, an amount specified as the customer charge under the provisions of Company's Residential Rate Schedule 210, as filed with the Tennessee Regulatory Authority, for 70% of the number of specified Mobile Home sites less the number of sites occupied by Mobile Home Occupants who were customers of, and who were billed for gas service by, the
 - Company will construct the required extension of distribution facilities to serve the number of sites specified in the contract provided that the total free length allowance for mains and services shall be calculated as per the provisions of Paragraph No. 7. For mains and services exceeding the free length allowance the Mobile Home Park Owner will be required to deposit a Refundable Advance as per the provisions of Paragraph No. 7.

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GENERAL RULES AND REGULATIONS (Continued)

7.3 Meters and Service

- Upon written application, Company will install necessary meter connections and meter without charge subject to the provisions of Service Regulation No. 2.
- New service piping, up to and including a size 3/4 inch in diameter, will be installed by the Company free of charge for residential and for commercial Customers whose annual consumption is 500 Mcf or less, from its distribution main to the private property line of the applicant or other private property line through which the service shall be constructed, and for an additional length, from such property line to the meter location, determined in accordance with Service Regulation No. 2, as is determined by the allowance per Customer for each major use of gas appliances and equipment specified below:

Residential and Commercial Service	<u>Allowance</u>
Gas Space Heating Equipment	60 feet
Automatic Gas Water Heater and/or Gas Range	40 feet

Residential and commercial customers whose annual consumption is estimated by the Company to be over 100 Mcf and less than 500 Mcf for commercial customers, the free length will equal one foot per Mcf of estimated total gas consumption.

This free service piping allowance will not apply for temporary service.

- For each industrial Customer and commercial Customer whose annual consumption is over 500 Mcf, the Free Length of service, if any, will be determined on an individual feasibility basis considering the required investment, character, and economic life of the load, and other appropriate information.
- 4. For service piping in excess of the portion installed at Company expense pursuant to paragraph (2) above, Customer will be charged for such excess footage, based on the average cost to the Company, for installing service piping the preceding calendar year. The rate per linear foot of service will be the average cost incurred during the preceding calendar year for installing such service pipe. Any charges for installing excess service piping are payable in advance. For excess service piping pursuant to paragraph (2) above, the Customer will be charged for the actual cost of such excess service piping
- Upon request from the Customer, the Company will provide the following services without charge:

(i) Leak Investigation

(ii) Burner or Pilot Light adjustment (during normal working hours)

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8. Curtailment of Gas Service

Service will be curtailed in accordance with the order of priorities set forth below, beginning with optional service 1 a. and descending as required.

- 1. All Optional Service
 - Industrial Customers (Over 3,000 Mcf/day)
 - Industrial Customers (Over 1,500 Mcf/day)
 - Industrial Customers (Over 300 Mcf/day) C.
 - Industrial Customers (Less than 300 Mcf/day)
 - Large Commercial Customers (Over 50 Mcf/day) e.
 - Small Commercial Customers (Less than 50 Mcf/day)
- Large Industrial Firm Customers (Over 50 Mcf/day) 2.
- Small Industrial Firm Customers (Less than 50 Mcf/day) 3.
- Large Commercial Firm Customers (Over 50 Mcf/day) 4.
- Small Commercial Firm Customers (Less than 50 Mcf/day) 5.
- 6. Essential Agricultural Use
- Public Schools and Hospitals on Firm Service 7.
- Public Housing Authorities and Residential Customers 8.

Notwithstanding the provisions of this paragraph, the Company shall not be liable for any damages that may result to Customers or any other persons, firm or corporation by reason of the Company's limiting annual, monthly, or peak day volumes or by curtailing service in accordance with the above order of priorities which may be deemed practicable under existing conditions by Company. Company will make every reasonable effort to deliver plant protection volumes to firm industrial customers sufficient to prevent damage to facilities or danger to personnel. This includes the protection of such material in process as would otherwise be destroyed, but does not include deliveries required to maintain plant protection.

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9. Other Conditions of Service

- The Company shall endeavor to furnish continuous service to the Customer but does not guarantee uninterrupted service. Further, the Company shall not be liable for loss or damage resulting from interruptions or deficiencies in service occasioned by any cause except willful default or neglect on its part.
- Gas purchased from the Company shall be used by the Customer at one location and shall not be resold. The term "one location" as used herein, shall include separate buildings only if such separate buildings are immediately adjacent and not separated by either private or public right-of-way.
- 9.3 The Company will determine the adjustment, if any, to be made for wastage of gas occurring without knowledge to the Customer, on the basis of the circumstances involved in each specific instance.

9.4 Additional Load

Meters and equipment supplied by the Company for each Customer have definite capacities and no major addition to the equipment or load connected hereto shall be made except by consent of the Company. Failure to give notice of additions or changes in load, and to obtain Company's consent for same, shall render the Customer liable for any damage to any of Company's lines or equipment caused by the additional load or changed installation.

The Customer agrees to notify the Company of any material changes in his installation or load conditions. Upon such notification, the Company will assist in determining if a change in rates is desirable. Unless required by substantial changes in the Customer's installation, not more than one change in rates will be made within any twelve month period.

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10. Franchise Tax

- 10.1 The Company shall collect, by an addition to customer's bills, any franchise tax levies by the governing body of the Company's particular service territories.
- 10.2 The following franchise tax rates, and as amended from time to time, shall apply.
 Unless otherwise stated, the franchise tax shall be based upon gross revenues within the city limits.

City	Tax Rate
Brentwood	5.0%
Bristol	5.0%
Columbia	.5%
Franklin Greeneville	3.0%
Residential Sales Commercial Sales	3.0% 2.0%
Johnson City	2.0%
Morristown	5.0%
Mufreesboro	3.0%
Nolensville	3.0%
Spring Hill	3.0%
Union City	5.0%

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